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NEWS SUMMARY

Chou en-Lai dies at 78

Chou en-Lai, Prime Minister of China, died yesterday in Peking of cancer, according to official Chinese radio broadcasts monitored in Washington and Tokyo. He was 78.

In Washington U.S. officials said they were aware of the news, but could not confirm it.

The report was carried by the domestic service of the new China News Agency, according to U.S. monitors.

Chou had long been in ill health, and reportedly had been unable to articulate words properly at recent meetings with U.S. officials.

The New China News Agency said Chou died at 9.47 a.m. Peking time (0147 GMT).

Chou was China's top administrator for over a quarter of a century, standing by the side of Chairman Mao Tse-Tung, who led the revolution that transformed the lives of 750m. Chinese people.

Colina McDougals writes: The death of Premier Chou En-lai comes as no great surprise, after months of illness. It is a lesser political event than it would have been a year ago, for in the interim, Vice-Premier Teng Hsiao-ping has been virtually acting in his place and the transition to a new leadership has to some extent been smoothed. At the National People's Congress in January, 1975, at which Premier Chou presided, younger men who have long been associated with his policies reflect his views.

While the political future is uncertain since the balance between the moderates, (led by Chou) and the radicals always seemed finely tuned, the past year has seen some compromise between both sides and an obvious effort to associate all points of view in the Chinese leadership with collective policies.

In the long term, though, the outlook is uncertain since Chou's standing among ordinary Chinese was extremely high and no-one else seems likely to exert that kind of unifying influence. In foreign policy he was a moderate and the cooler line Peking has recently taken towards Washington is believed to be the result of Teng's hand upon the tiller rather than Premier Chou's.

GENERAL

Iceland's threat to U.K. links

Iceland threatened yesterday to break diplomatic relations with the U.K. if the Royal Navy continues its alleged attacks on its patrol boats.

At the same time, the Icelandic Government is seeking a special meeting of the Nato Council to discuss the fishing dispute and has invited Dr. Joseph Luns, the Nato Secretary-General, to visit Reykjavik in the next few days.

Iceland is also recalling its Ambassadors to the U.S., Canada and the UN for consultations and is sending its permanent secretary for foreign affairs on a tour of European capitals to put its case. Back Page

Spanish unrest

Madrid's 4,000 Underground railway workers voted overwhelmingly to continue their pay strike and demanded that troops, now planning to put a third Metro line into service, should be withdrawn. At least 30,000 workers are on strike or locked out, with an industrial suburb virtually at a standstill and unrest growing elsewhere in Spain. Page 6

'Two-tier doubts

M. Francois-Xavier Ortoli, EEC Commission President, expressed serious reservations about the suggestion in the Tindemans report on European Union that the stronger EEC countries should push ahead towards economic and monetary union, leaving the weaker members temporarily lagging behind. Page 6

Dream turns sour

Eighteen-year-old Clydeside shipyard apprentice who admitted damaging a Dumbarton railway line and placing explosives at the Glasgow branch of the Bank of England and the Clyde tunnel, Glasgow, last year, was said at the High Court, Glasgow, to have dreamed up a secret army for freeing Scotland. He was sent to a young offenders' institution for six years.

People and places

Herr Helmut Schmidt, the West German Chancellor, will visit the U.K. on February 6-7 at Mr. Wilson's invitation.

Dominic Wigan's three starred selections all won at Doncaster, and he also toipped Carne Gray (12-1). To-day's racing, Page 2

BUSINESS

Firm tone in shares: gold down $2.50

● **GILT-EDGED** securities continued to advance, although on a lesser scale than on Wednesday. The FT Government Securities Index rose 0.27 to 62.09 for three-day gains of nearly 4¼ points in some cases, aided by the cut in U.S. Prime Lending Rate.

● **EQUITIES** were buoyed up by the movement of Gilts, but reacted to close below their best. The FT 30-share index ended just 0.7 higher at 390.5.

● **GOLD** fell $2.50 to close at $136

● **STERLING** closed unchanged against the dollar at $2.0345 and its weighted depreciation held unchanged at 30 per cent.

● **WALL STREET** was up 12.20 at 910.89 shortly before the close.

● **THE BORROWING** requirement continues to run ahead of Budget forecasts according to latest Treasury figures.

● **BRITISH GAS CORPORATION** is to raise $40m. by a Eurobond issue, the first Euromarket loan to a nationalised industry for two years. Back Page

● **MRS. SHIRLEY WILLIAMS**, Secretary for Prices, is believed to have been told by retailers yesterday that they could not co-operate with her plan to limit price rises to 5 per cent. over six monhs. Back Page

● **BRITISH LEYLAND** sold a record 70,839 vehicles in the U.S. during 1975 worth £133m. Page 4

● **WEST GERMAN** export organisation yesterday demanded the replacement of a British EEC official who has been negotiating a textile agreement with Brazil.

● **MORGAN CRUCIBLE** reports a fall in profits to £3.94m. (£4.71m.) for the first nine months. Page 18

● **SIR DEREK EZRA**, Coal Board chairman, said £250m. could be saved on oil imports by burning an extra 4m. tons of coal in power stations next year. Page 25

● **PARIS BOURSE** yesterday suspended shares of three of France's smaller steel companies, a step believed to pressage their reorganisation within the Paris-has group. Page 21

● **MONTEDISON** Group is expected to confirm an operating loss of roughly L200bn. for 1975 against a 1974 surplus of L100bn. Page 21

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 10½pc. 1979	£97$\frac{1}{32}$	+ $\frac{17}{32}$
Treasury 12¾pc. 1992	£91½	+ 1½
Airfix NV	76	+ 5
Akroyd & Smithers	203	+ 18
Alginate	178	+ 10
Bilton (P.)	137	+ 7
Blackwood Hodge	149	+ 11
Boots	144	+ 4
Comb. English Stores	88	+ 5
Comet Radiovision	54	+ 6
Danish Bacon "A"	138	+ 7
Dunford and Elliott	48	+ 3½
Gomme Holdings	99	+ 6
Hawker Siddeley	370	+ 8
Hollas	46	+ 4
Janes (H. C.)	188	+ 8
Johnson Matthey	352	+ 9
Ladies Pride	48	+ 8
Lampa Securities	118	+ 6
Lloyds Bank	250	+ 7
London Bridge Secs.	20	+ 5
Lyles (S.)	48	+ 9
Maynards	92	+ 6
Metal Box	296	+ 5
Samuel Props.	42	+ 4½
Tate and Lyle	265	+ 4
Tate of Leeds	23	+ 7½
Vickers	160	+ 4
Wolseley-Hughes	120	+ 5
Westfield Minerals	99	+ 4
Whim Creek	50	+ 6

FALLS

Cavenham	127	− 4
Howden Group	80	− 5
Wilkinson Match	146	− 4
Anglo American Corp.	330	− 25
Charter Consolidated	188	− 5
Doornfontein	700	− 50
Free State Geduld	£20½	− 1
Pot. Platinums	165	− 11
West Driefontein	£33½	− 1½

Talks on steel industry cuts plan hang in balance

BY LORELIES OLSLAGER

Negotiations between the British Steel Corporation and trade union leaders on an agreed solution to the Corporation's economy drive hung in the balance last night over the crucial question of a positive union commitment to massive reductions in the Corporation's 220,000 labour force.

Talks between the two sides were adjourned after five hours last night, to be resumed this morning. Mr. Bob Scholey, the Corporation's chief executive, told a Press conference that BSC wanted a commitment from the unions that some 40,000 workers would leave the industry over the next two years, if necessary through compulsory redundancies.

'Mile apart'

Mr. Scholey said the two sides were still "a mile apart" on this "salient point."

But it appears that BSC is not necessarily looking for a commitment in numbers of men. It would also accept a target expressed as an annual output per man at the Corporation's most modern plants. Mr. Scholey said that at Scunthorpe, the most efficient plant, the output was 350 tons a man. At the next best plant it was about 200. The Corporation aimed at 500 tons.

Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, the biggest union in the steel industry, and the leading negotiator on the union side, said the Corporation wanted the unions to set down figures on redundancies. "There is no way we can do that," he declared.

But the fact that the talks resume to-day indicates that the unions are sill considering whether they can offer some commitment acceptable to the Corporation, such as the promise of an urgent study of manning levels at individual plants.

There were suggestions that at some stage during yesterday's negotiations BSC had said it was prepared to postpone implementaiton of its unilateral labour "savings" plan for a month if the unions made some move on the manning question.

But Mr. Scholey made it clear that unless BSC got satisfaction it would implement the next stage of its plan—suspension of the guaranteed working week for part of the labour force—as planned from Sunday.

Industrial unrest has already broken out at a number of plants because the Corporation began its labour economies by cutting down on highly-paid week-end working last Sunday.

While manning levels emerged as the major sticking point yesterday, the two sides moved closer to agreement on other contentious proposals for reducing labour costs.

The unions agreed that the question of eliminating or reducing week-end work could be examined on a plant-by-plant basis, while BSC gave an assurance that no plants would be totally closed in connection with the economy drive.

Instead, the Corporation is now proposing to close down only sections of plants and put them in "mothballs."

The unions had feared that the Corporation would use the economy drive to close down for good old and inefficient plants. These plants have only recently been given a longer lease on life by the Government than BSC would like to see.

Union leaders claimed after the meeting that the Corporation had failed to tell them where over-manning actually existed, and that without a plant-by-plant breakdown it was impossible to arrive at an overall figure Mr. Scholey said that on the manning issue the unions had so far offered only vague expressions like "slimming down," while the Corporation wanted to "quantity" the problem.

Otherwise it would be impossible to conduct complete local negotiations later.

The unions yesterday also offered implicit assurances that they would try to crack down on unofficial strikes, and Mr. Scholey said that while there was no "nuts and bolts action plan," the two sides had similar feelings on the issue.

Rees obtains agreement on border security

BY RICHARD EVANS, LOBBY CORRESPONDENT

SECURITY ON the border between Northern Ireland and the Irish Republic is to be tightened following yesterday's London meeting between Mr. Merlyn Rees, Ulster Secretary, and Mr. Patrick Cooney, Irish Justice Minister.

For security reasons no details were disclosed or guidance given afterwards but each Minister described the two and a-half hour talks as very satisfactory and cordial. Mr. Rees promised "concrete results very soon."

The discussions were arranged some time ago — before the recent sectarian killings in South Armagh and the despatch of Special Air Service troops.

Later yesterday, Mr. Harold Wilson, Prime Minister, in an ITN interview, warned the Ulster Defence Association — it has threatened full-scale conflict with the IRA — that civil war would be the destruction of all civilised values in Northern Ireland.

He said: "Anyone who takes up arms in the way suggested, because of atrocities, will be playing the game of the other side and destroying the island they know."

Mr. Wilson admitted there was a danger of seeing a kind of gun law regime developing on both sides in South Armagh, and for this reason the Government felt it right to put in the SAS, but he emphasised that its role would be essentially one of surveillance. It would follow exactly the same rules as other troops in the Province.

The Prime Minister denied he was taking personal charge of the Ulster crisis, but it was his duty to move in to deal with a special situation, especially one involving security. He added he would be making a statement to Parliament on Northern Ireland on Monday.

The meeting between Mr. Rees and Mr. Cooney renewed the contacts established between the two Ministers in the Republic in September, 1974, and provided an opportunity for a detailed review of the measures of co-operation on security matters adopted then.

The topics discussed were confined to border security, particularly in South Armagh, and it was agreed that U.K. and Irish Government officials would continue discussions on specific security aspects.

After leaving Mr. Cooney, the Ulster Secretary accompanied Sir Jamie Flanagan, Chief Constable of the Royal Ulster Constabulary, to Downing Street to brief Mr. Wilson on cross-border security.

The U.K. Government's main objective is to keep the closest security liaison with the Irish Government to prevent terrorists from infiltrating the Ulster border area from the Republic.

Mr. Jeremy Thorpe, Liberal Party leader, yesterday accepted an invitation from Mr. Wilson to join formal inter-party talks on security measures in Northern Ireland.

Conservative leaders will respond to similar invitations early next week when Mrs. Thatcher returns from her visit to Egypt.

Our Belfast Correspondent writes: As the Special Air Service began moving into South Armagh yesterday, Unionist politicians and Protestant para-military groups in Northern Ireland launched a tirade of threats and warnings to the Government about an approaching civil war.

The majority Unionist coalition, suspicious that the Government is trying to involve it in a move towards voluntary coalition with the mainly Catholic Social Democratic and Labour Party through Mr. Wilson's plans for formal inter-party talks on security, bluntly refused once again to have anything to do with an emergency government.

The Ulster Defence Association warned that it was only a matter of time before the Protestant community gave the go-ahead to the para-military to engage in full-scale conflict.

● Provisional IRA leaders last night indicated that if Loyalist assassinations stopped so would revenge strikes by Republicans. A brief statement issued in Dublin, in which the Provisionals denied they had ever "initiated" sectarian killings, marked the IRA's first response to this week's tit-for-tat murders in South Armagh.

Picture Page 7

Rights issue could boost Swiss 49% Brown Boveri Kent stake

BY MARGARET REID

THE SHAREHOLDING of the Swiss group, BBC Brown Boveri, in the British control equipment concern, Brown Boveri Kent, may well rise above the present 49 per cent. to a majority interest as a result of a £2.1m. rights issue by the latter, which the Swiss company is underwriting.

Should the Swiss concern be called on to take up new shares beyond its proportionate stake, its holding in Brown Boveri Kent could increase to one of up to 59.2 per cent.

The Government — which, through the Department of Industry, has a 12¼ per cent. shareholding and which backed the formation of the link between the original George Kent group and the Swiss group in 1974— has made it clear it would be content with such a development.

Brown Boveri Kent was set up to acquire a large part of the former George Kent—whose special instrument business was hived off separately—and was given an injection of £6.2m. cash from Brown Boveri of Switzerland, which took the 49 per cent. stake.

At first, the Department of Trade, then headed by Mr. Anthony Wedgwood Benn, had preferred an alternative "British solution" though a £5.8m. cash bid for the whole of Kent by the big GEC group.

Opposition to a GEC take-over however, developed from workers apprehensive of loss of jobs. The Government then switched its backing to the link with Brown Boveri, though on a basis amended to give the latter 49 per cent. of the joint concern instead of the majority 53 per cent. originally envisaged.

Loan of £3m.

Raising of new capital has been under consideration for some time by Brown Boveri Kent. It is now proposed that a one-for-four rights issue should be made at par, 25p, compared with an unchanged market price yesterday of 27p.

Arrangements are also being made for County Bank to lend the company £3m. over seven years to fund bank borrowing. This is expected to be at an interest rate 2¼ per cent. above inter-bank rate.

In connection with these proposals, Brown Boveri Kent is forecasting profits of not less than £2.2m. for the year to March, 27, 1976, compared with £955,000 before tax in 1974-75.

The Board expects to pay a final dividend of 1p net for which the new shares will rank, for 1975-76. Since no interim was paid, this amount, equal to 1.5384p a share, will be the total for the year.

The Department of Industry is understood to be planning to vote for the Board's proposal at the coming special shareholders meeting needed to approve the necessary increase in authorised capital.

It has apparently not yet decided, though, whether to take up its allotment of the new shares.

Gilts up on hopes of interest rate cuts

BY MICHAEL BLANDEN

HOPES of further cuts in U.K. interest rates spurred continued rises in the gilt-edged market yesterday.

Optimism was raised further by the news that Chase Manhattan Bank had cut its prime lending rate from 7¼ to 7 per cent., the first of the big U.S. banks to come down to this level.

The pound has remained steady during the past few days, and yesterday was unchanged at an average depreciation of 30 per cent. and at $2.0345.

With the gap between sterling and Eurodollar rates for three month periods running as high as around 5 percentage points, it is felt that there is nothing in the external situation of the pound to inhibit a further drop in London interest rates.

Uncertainty remains, however, about the immediate trend of the Bank of England minimum lending rate, the Bank's policy towards the gilt-edged market, and the changes expected in the big banks' lending rates.

At present, the Bank of England appears to be taking a neutral line towards the money markets, and with three-month Treasury bills trading yesterday at rates of about 10¼ per cent. there seemed a possibility that the bill rate at to-day's tender could trigger yet another fall in MLR. This would follow two ¼ point reductions over the holiday period which brought MLR down to its current 11 per cent.

However, the feeling in the gilt-edged market was that MLR would not see another reduction just yet. Most of the activity yesterday was seen at the longer end of the market, where gains of up to 1½ were recorded, while short dated stocks saw rises generally of up to ¼ and exceptionally to ½. The FT Government securities index rose 0.27 to 62.09, just short of the 1975-1976 high of 62.34 recorded last March.

During this week both the short and the long "tap" stocks have been exhausted, leaving the authorities with no source of stock on tap to control the market and sustain the recent heavy official selling of gilt-edged.

The market felt yesterday that a new stock issue could be announced to-day.

After Lloyds Bank cut its base lending rate from 11 to 10½ per cent. last week, the other big banks are still holding fire on a decision on their own lending rates, and could be considerably influenced by to-day's events.

£ in New York

—	Jan. 7	Previous
Spot	$2.0338-0388	$2.0327-0332
1 month	0.96-0.91 dis	0.91-0.86 dis
3 months	2.48-2.42 dis	2.41-2.36 dis
12 months	8.06-7.86 dis	8.06 7.86 dis

IMF ministers agree gold sale plans

BY GUY DE JONQUIERES KINGSTON, Jamaica, Jan. 8.

INTERNATIONAL Finance Ministers said this morning that they had reached a broad measure of agreement on most of the components of a monetary reform package, including plans to sell part of the International Monetary Fund's gold, a formal agreement on exchange rates and an increase in IMF quotas.

By early this afternoon there still remained a number of differences, arising largely from the insistence by the U.S. that members of the Organisation of Petroleum Exporting Countries agree to the immediate usability of their currencies by the IMF in exchange for access to a proposed temporary across-the-board increase in IMF credit facilities.

The U.S. demand is being resisted by OPEC members, supported by other Third World countries, on practical as well as political grounds. If it is sustained to the bitter end it could jeopardise the chances of reaching full agreement at this week's meeting of the interim committee of 20 here.

The general impression left after this morning's meeting was that there were good prospects for reaching a compromize on the remaining points of difference by the time the talks end this afternoon, especially in view of the unanimity achieved on a broad range of other major issues.

Compromise

This morning Mr. Denis Healey, Chancellor of the Exchequer, indicated that the industrialised countries had agreed in broad outline among themselves on proposals to enlarge IMF borrowing facilities on a temporary basis until the new 33 per cent. increase in IMF quotas becomes effective after it is ratified by member Governments in a year to 18 months time.

Mr. Healey also proposed a compromise on the question of the usability of OPEC currencies, suggesting that this take effect about six months after agreement was reached on the monetary reform package. The OPEC countries have been insisting that any such step should await the completion of the ratification process.

Among the practical reasons for the OPEC countries' reluctance to move towards usability is their contention that this would require the establishment of extensive market facilities, which do not know exist, to permit fuller trading in their currencies.

If the proposals for an additional financing package are accepted, it would give the non-oil-producing, less-developed countries access to approximately SDR 2.9bn. in increased IMF credit tranches. In addition there would be a further SDR 850m. created. But this would be in OPEC currencies and would not be immediately available so long as the OPEC countries refused to agree to the usability of their currencies.

The proposals now being considered would also mean a sizeable increase in the availability of IMF credit on which Britain could draw. In all, its total IMF credit could raise by more than SDR1bn., of which SDR 350m. would be in the first tranche.

This could be considerably more than the increase Britain is due to receive under the enlarged quota arrangements, which provide for an increase of only about 6 per cent. in the U.K. quota.

FEATURES

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LOMBARD

The other route to togetherness

BY C. GORDON TETHER

ALTHOUGH it duly pays lip service to the type of European "vision" beloved of our more dedicated pro-Marketeers, the Tindemans report on the future of Europe union is essentially concerned, for the most part, with striking a blow for realism. Nevertheless is goes off the rails from time to time—and not least when it proposes that the EEC countries should appoint one of their Heads of Government to engage, single-handed, in talks with the U.S. "so as to reach a common understanding on the character and scope of relations between that major power and the European union."

We are all, of course, in favour of greater co-operation with other countries in principle—particularly where our more immediate neighbours on the other side of the Channel are concerned. Why most anti-Marketeers have been opposed to British involvement in the European Common Market is that they saw two objections of decisive importance to the kind of straitjacket participation in European collaboration envisaged by the EEC's Mark 1 plans.

One was that the inevitable result would be to generate frictions which would leave relations between European nations more disharmonious than before. The other was that it would involve this country in a loss of control over its own affairs that would be altogether too serious to be in the best interests of the mass of the people.

The snake

They argued, therefore, that, if the purpose of the operation was to promote European togetherness in a meaningful sense, the approach should be evolutionary rather than revolutionary—with the different countries deciding just how far it would be sensible to pool their interests, rather than being required to do so in conformity with pre-ordained schedules. And broadly speaking, it is this proposition that underlies the the report submitted by Mr. Tindemans.

His proposed economic and monetary union scenario testifies to this in no uncertain manner. Thus not only does it consign to the scrap-heap the earlier plan for completing this aspect of European unification by 1980. It also argues that member countries should be allowed to decide for themselves how fast they want to travel down this all-important road. And it is no exaggeration to say that economic and monetary union is the real McCoy of European integration.

The report's acceptance of the concept of "togetherness where togetherness is possible" is also implicit in the enthusiasm it displays for developing the European "snake" approach to international monetary stability. The "snake" was designed to try to get some order out of the currency chaos created by the collapse of dollar convertibility and the onward march of floating rates.

Interested countries were invited to operate what amounts to a limited fixed parities system—movements in their currencies in relation to one another are confined within fairly narrow bands.

It has turned out to be the success story the Tindemans report acclaims it to be because all the participating countries have seen it as being a form of collaboration that was manifestly good for them. And it is quite conceivable that other countries will in due course also be persuaded that there is a strong case for seeking protection in this way from currency market turbulence. The experience may even encourage participants to use it—as the Tindemans report, not unreasonably, suggests they should—as a springboard for further steps to harmonise their economic and monetary lives more closely with those of other participating countries.

Exploited

However, it was probably too much to hope that a report prepared to show how European unification could be achieved would be altogether free from idealistic aberrations. And there are quite a number. There is the suggestion, for example, that non-member countries should be deprived of their say in the running of the "snake" so as to make it an exclusively Community affair—a move that could jeopardise its chances of providing part of the framework for the badly needed restoration of global monetary law and order.

An even wilder suggestion is that the all-important business of shaping relations between European countries and the United States should be entrusted to one man. All the evidence is that the U.S. has been able to exploit the interdependence of EEC countries to get its way to a greater extent than it would have done otherwise by playing on those most vulnerable to the pressures it was in a position to exert. The implication is that, the more united EEC countries stand in this sense, the some likely they are to fall.

RACING BY DOMINIC WIGAN

Tingle Creek out to impress

THE MANY admirers of *Tingle Creek* who head for Sandown to-day are likely to be treated to a fine exhibition of fast and fluent jumping by the ex-American chaser, who has only Skymas and Dan'l Widden to beat in the Express Chase.

Tingle Creek appears to have lost the edge from his speed, but he remains a high-class chaser, as he showed when making all the running to defeat Kentish Pride by 10 lengths at Wetherby on Boxing Day.

The task of giving 4 lb and 11 lb to Skymas and Dan'l Widden, respectively, is unlikely to prove beyond him.

I expect Tingle Creek, who went down at odds of 4-11 to his sole opponent, Bula, in the corresponding event a year ago, to make all his own running and to win at the main expense of the Derek Kent-trained Dan'l Widden. Dan'l Widden will be better suited by this two-mile event than Skymas, who would be seen to better advantage over a stiffer trip.

Thirty-five minutes before he watches Dan'l Widden, Kent is due to saddle that smart six-year-old *Grand Canyon* for the Tolworth Hurdle.

This tough New Zealand-bred gelding has improved steadily since getting up in the final stride to beat Gunner Smith by the minimum distance over this course and distance at the end of October.

But for slipping up on the flat in the Garswood Pattern Hurdle at Haydock six weeks ago he might well be unbeaten in this country.

SANDOWN

12.45—Caspardale
1.15—Hinterland
1.45—Grand Canyon**
2.20—Tingle Creek
2.55—King Kong
3.30—Pinchow***

HAYDOCK

1.00—Autumn Rain*
1.30—Adored
2.00—London Express
2.30—The Froddler
3.00—Geenada
3.30—Terregles

Grand Canyon's most recent success came at Ascot on December 13. There the Chichester gelding, allowed to bowl along in front from the fourth by stable jockey Peter Haynes, was not troubled to hold off a persistent challenge from Supreme Halo inside the final half-mile.

At the line he had four lengths to spare over his Epsom rival, with the others, headed by Fighting Kate, well strung out.

In what promises to be the *most informative event of the* afternoon, I expect to see Grand Canyon stamp himself as a possible Champion Hurdle winner by outpacing Arctic Mist and Red Power.

A second likely winner for Kent and Haynes is *Pinchow*, who succeeded in giving the supporters of the heavily-backed Red Power a fright at Lingfield a month ago when almost catching Fred Winter's seven-year-old in the final strides of the Caterham Novice Hurdle.

Pinchow, who was making his hurdling debut there, has only modest opposition to deal with in Div. II of the Metropolitan Novices' Hurdle now that The Dunce and Alaska Highway have been scratched. I shall be surprised if he fails to win with authority.

At to-day's only other meeting, Haydock, the best bet on a somewhat uninspiring card is probably the locally trained *Autumn Rain*, who can gain his second success of the season by outpacing Queen's Melody in the Birchfield Hurdle.

SALEROOM BY ANTONY THORNCROFT

Silver and plate totals £27,063

THE SPRING SEASON for fine *art sales* got officially under way at Sotheby's yesterday when its Bond Street room sold silver and plate for a total of £27,063. This was a minor sale, but apart from the most highly-estimated item, a George IV tea and coffee set which failed to sell, prices were good, suggesting that the more encouraging trend of late 1975 was persisting.

An 18th-century Italian model of St. Michael, probably made in Naples about 1745, sold to the Bulmka Gallery of New York for £1,400, roughly twice the pre-sale estimate, and Hughes, a London dealer, paid £1,100, comfortably above forecast, for a pair of silver gilt five-light candelabra of 1924.

The most important sale of the day was at Sotheby's Belgravia, where Oriental works of art, including furniture and ceramics, sold for £68,758. Only 2.5 per cent. of the lots were unsold, and prices generally were comfortably within forecast.

The feature of the day was broadening of the demand for Indian and Burmese furniture, mainly of the 19th century. For the first time Italian dealers were bidding, but a Japanese buyer paid the top price, £1,550, for an *elaborate Japanese* earthenware and lacquer side cabinet, late 19th century. A moon-shaped display cabinet of the same period, also from Japan, sold for £1,100.

At the afternoon session a pair of large Canton mid-19th century vases sold for £4,800, slightly below forecast, and a similar pair made £2,550, within target. A Canton bowl and stand, with a royal inscription, was bought for £1,800.

No premium bonus

Phillips have two very interesting sales in the near future. Next Wednesday the saleroom auctions many of the contents of the Guards' Club on the club's premises in Charles Street, and on January 28 and 29 Lord Camoys is selling antiques and fine art from his home, Stonor Park, near Henley, which has been in the family since before the Norman Conquest.

In both cases Phillips believes it was given the task because of its refusal to introduce the 10 per cent. buyers' premium which the other salerooms have added to the hammer price since the autumn. This has won it support *from dealers and sellers of* antiques.

Next Tuesday Bonhams holds its second musical instrument sale at its Old Chelsea Galleries, off King's Road. As in the first sale, the emphasis will be on electric and acoustic guitars of the 1950s and 1960s.

The star attraction could well be an Epiphone Texan guitar of 1958 originally owned by John Lennon and used by him on the Beatles's recording of "Please, Please Me." There will also be classical instruments on offer, and original song sheets and record album covers, a first for any London saleroom.

LATEST WILLS

	Net
Mr. Wilfrid Andrews, former chairman of the Royal Automobile Club, left £56,187 gross	£54,626
Sir Arnold Overton, formerly on the Board of British European Airways and a former Permanent Secretary to the Ministry of Civil Aviation and the Board of Trade, left £54,981 gross	£53,294

TV/Radio

† Indicates programme in black and white.

BBC 1

12.45 p.m. News. 1.00 Pebble Mill. 1.45 Andy Pandy. 3.25 Pobol y Cwm. 3.58 Regional News (except London). 4.00 Play School. 4.25 Barbapapa. 4.35 Jackanory. 4.50 Wacky Races. 5.00 Crackerjack. 5.40 Paddington
5.45 News.
6.00 Nationwide.
6.45 Sportswide.
7.05 Tom and Jerry.
7.15 The Wonderful World of Disney.
8.00 It Ain't Half Hot, Mum.
8.30 The Good Life.
9.00 News.
9.25 The Detectives.
10.15 To-night.
10.45 Film '76.
11.15 Weather/Regional News.
†11.17 The Friday Film: "Trouble In Paradise," starring Miriam Hopkins and Herbert Marshall.

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. Tredwt. 6.00-7.05 Wales To-day. 7.15-7.35 Heddiw. 7.35-8.00 Ask The Family. 8.30-9.00 Y Chwilotwyr. 10.15-10.45 Kane On Friday. 10.45-11.15 Black Man's Grave. 11.15-11.17 News for Wales.

Scotland—6.00-7.05 p.m. Reporting Scotland. 8.30-9.00 Current Account. 10.45-11.15 The Good Life. 11.15-11.17 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-7.05 Scene Around Six. 10.45-11.15 Light and Bright. 11.15-11.17 Northern Ireland News.

England—6.00-7.05 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth). 10.45-11.15 North (from Leeds) Jimmy Savile's Yorkshire Speakeasy; North West (from Manchester) Home Ground; North East (from Newcastle) A Slight Case of Poison; Midlands (from Birmingham) Archie Hill Comes Home; West (from Bristol) Six From Six; South West (from Plymouth) Peninsula; South (from Southampton) A Throne Of Kings; East (from Norwich) On Camera.

BBC 2

11.00 a.m. Play School.
7.30 Newsday.
7.50 Swingle II in Concert.
8.15 The Money Programme.
9.00 Oscar Peterson's Piano Party.
9.45 Get The Drift.
10.15 Fall Of Eagles.
11.05 Newsnight.
11.20 Closedown: Lyndon Brook reads "Speech for a Poor Man" by Iain Crighton Smith.

LONDON

10.00 a.m. Spiderman. 10.20 Dusty's Trail. 10.45 Boney. 11.30 Afloat. 12.00 A Handful of Songs. 12.10 p.m. Pipkins. 12.30 Paint Along With Nancy. 1.00 First Report: News, FT index. 1.20 Lunchtime To-day. 1.30 Crown Court. 2.00 Good Afternoon Money-Go-Round. 2.30 Galloping Gourmet. 3.00 The Big Valley. 3.55 General Hospital. 4.20 The Georgian House. 4.50 Magpie. 5.20 University Challenge.
5.50 News from ITN.
6.00 Lyndall's London Girls.
6.35 Crossroads.
7.00 Candid Camera Classics.
7.30 Hawaii Five-O.
8.30 Yes—Honestly.
9.00 Bouquet of Barbed Wire.
10.00 News.
10.30 Police Five.
10.40 Russell Harty.
11.30 Movin' On.
12.30 a.m. Songs of the City.

All ITV Regions as London except at the following times:—

ANGLIA

10.30 Gilbert and Sullivan ("Iolanthe"). 11.25 Cartoon. 1.25 p.m. Anglia News. 2.00 Food File. 2.30 Friday Afternoon Film: "Pioneer Woman." 6.00 About Anglia. 7.00 Survival. 7.30 Space 1999. 10.30 Probe Special. 11.00 Hawkins. 12.20 a.m. Your Music at Night.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. †2.30 The Friday Matinee: "High Noon," starring Gary Cooper. 5.20 Indoor League. 6.00 ATV TODAY. 7.00 Yus My Dear. 7.30 Sale of the Century. 8.00 Hawaii FiveO. 10.30 Extra Time. 11.00 The Monster Movie: "Gargoyles," starring Cornel Wilde.

BORDER

†1.20 p.m. Border News. 2.30 The Splendour Falls. 2.55 Riptide. 6.00 Border News and Lookaround. 7.00 Mr. and Mrs. 10.30 Border Forum. 11.00 Late Night Movie: "Return of the Fly," starring Vincent Price. †12.30 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 2.30 The Friday Matinee: "Family Flight." 6.00 Report At Six. 7.00 Treasure Hunt. 7.30 The Streets of San Francisco. 8.30 Yus My Dear. 10.30 The Thrillseekers. 10.50 Late Night Film: "Jessica." 12.35 a.m. News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.30 Out Of Town. 3.00 The Saint. 6.00 Grampian Today. 7.00 At Home with Kenneth McKellar. 7.30 Sale of the Century. 8.00 Hawaii Five-O. 10.30 Indoor League. 11.00 The Late Horror Show: "Phantom of the Rue Morgue," starring Karl Malden. 12.30 a.m. Evening Prayers.

GRANADA

9.30 a.m. Sesame Street. 10.25 The New Adventures of Superman. 10.45 The Land. 11.05 The Merrie Melodies Show. 11.30 Clapperboard. 11.55 Babar The Elephant. 1.20 p.m. This Is Your Right. 2.30 Friday Matinee: "Back Room Boy," starring Arthur Askey. †5.15 Chuckleheads. 5.20 Crossroads. 6.00 Granada Reports. 6.35 The Protectors. 7.05 Sale of the Century. 7.40 The Magician. 10.30 Kick-Off. 11.05 For Adults Only: David Hemmings in "Blow Up."

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 2.30 Out of Town. 3.00 Grift. 5.20 Orbit 5. 5.25 Crossroads. 6.01 Report West. 6.18 Report Wales. 6.35 Space 1999. 7.30 Sale of the Century. 8.00 Hawaii Five-O. 10.30 Sweet Somerset. 11.00 The Adventurer.

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20-4.50 Stesion Cantamil. 6.00-6.18 Y Dydd. 10.30 John Morgan on Who Runs Wales?

HTV West—As HTV General Service except 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

SCOTTISH

†1.25 p.m. Road and Weather Report. 2.00 Housecall. 2.30 Out of Town. 3.00 The Inheritors. 5.20 Calimero. 5.25 Crossroads. 6.00 Scotland Today. 6.30 Sale of the Century. 7.00 The Six Million Dollar Man. 8.00 Combat. 10.30 Ways and Means. 11.00 Late Call. †11.05 Late Night Thriller: "Scream Pretty Peggy."

SOUTHERN

10.00 a.m. "Invitation to a Gunfighter," starring Yul Brynner. 1.20 p.m. Southern News. 2.00 Women Only. †2.30 The Friday Matinee: "99 River Street," starring John Payne. 5.20 Sinbad Junior. 5.25 Crossroads. 6.00 Day By Day (Channels 6, 11, 27, 42, 59 and 60). 6.00 Scene South East (Channels 10, 43, 64 and 66 only). 6.35 Out of Town. 7.05 Two's Company. 8.30 Yus My Dear. 10.30 A Southern Report. 11.00 "Cry Rape" (TV Movie). 12.25 a.m. Southern News Extra.

TYNE TEES

11.00 a.m. Starting Point. 11.05 Technoflash. 1.20 p.m. Lunchtime News and Lookaround. 2.30 The Saint. 3.25 Farmhouse Kitchen. 6.00 North East News. 6.05 Division. 7.30 Sale of the Century. 8.00 Hawaii Five-O. 10.30 Sportstime. 11.00 The Friday Night Film: "The Tingler," starring Vincent Price. 12.30 a.m. Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. †2.30 Friday Matinee: "The Chiltern Hundreds," starring Cecil Parker and A. E. Matthews. 4.18 Ulster News Headlines. 5.20 University Challenge. 6.00 UTV Reports. 6.25 Police Six. 7.00 Yus My Dear. 7.30 Wild Wild West. 8.30 Sportscast. 10.30 Police Story. 11.30 The Food of Love.

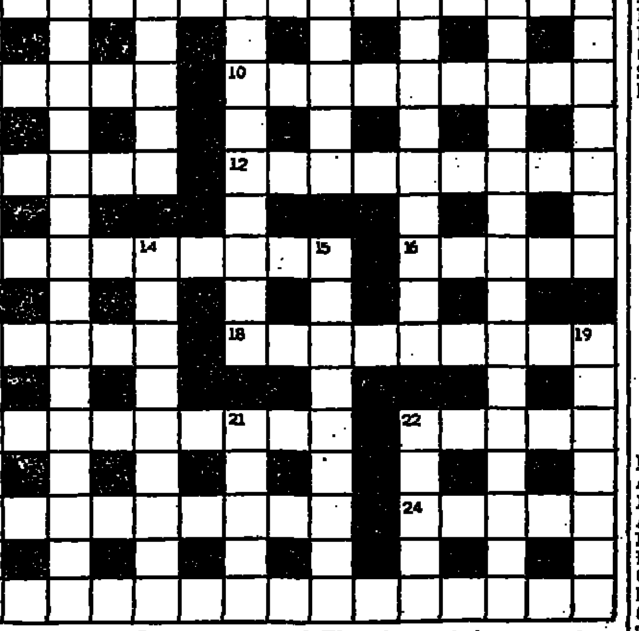
WESTWARD

9.40 a.m. The Time Machine. 10.40 The Beachcombers. 11.05 The Amazing Chan and the Chan Clan. 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.30 The Friday Matinee: "Family Flight," starring Rod Taylor. 6.00 Westward Diary and Sports Desk. 7.00 Treasure Hunt. 7.30 The Streets of San Francisco. 8.30 Yus My Dear. 10.32 Westward Late News. 10.35 Late with Danton. 10.50 Late Night Film: "Jessica" starring Angie Dickinson. 12.35 a.m. Faith for Life.

YORKSHIRE

11.05 a.m. Born Free. 1.20 p.m. Calendar News. 2.30 Out of Town. 3.00 Houseparty. 3.25 Farmhouse Kitchen. 6.00 Calendar. 7.00 Man About The House. 7.30 Sale of the Century. 8.00 Hawaii Five-O. 10.30 Calendar Sport. 10.45 The Friday Night Film: "The Screaming Woman," starring Olivia de Havilland and Joseph Cotten.

F.T. CROSSWORD PUZZLE No. 2,974



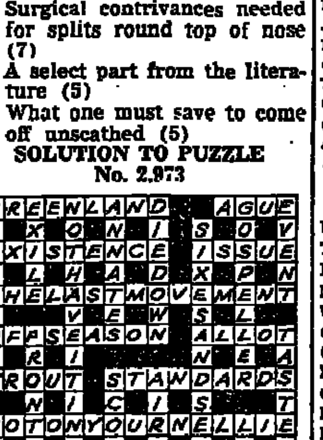
ACROSS

1 Completely dissimilar—like a barren plain? (7, 2, 6)
9 Joint part of bank lendings (5)
10 An application for apparatus (9)
11 Abolish annual without one (5)
12 Not settled and it's not easy (9)
13 Short stories actor needs to change without right (9)
16 Scraps crates (5)
17 Concentrate to obtain a sharp definition (5)
18 Charming female recrosses another way . . . (9)
20 . . . to stand for something about now (9)
22 Beak, about right for fish (5)
23 Keeping moving and stirring up public feeling (9)
24 A general rule can embrace a small number (5)
25 Behave correctly and look after one's appearances (4, 4, 7)

DOWN

1 Falls when an artist again crops up (7)
2 Stealing an oddity and disapproving (6, 9)
3 One transaction which is perfect (5)
4 Former students' marks in degrees (9)
5 Electrical unit in one, perhaps (5)
6 It could be left out if I smile and sob this way (9)
7 Sophisticate or chap with practical knowledge (3, 2, 10)
8 Irritates needlessly but not sly (7)
14 Ruffian only dopes dare upset (9)
15 Layers above precious stone but they are an artifice (9)
17 Prepare beforehand what comes to hand (7)
19 Surgical contrivances needed for splits round top of nose (7)
21 A select part from the literature (5)
22 What one must save to come off unscathed (5)

SOLUTION TO PUZZLE No. 2,973



RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 Rosko's Round Table. 5.45 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Contact. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Contact. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S) including 1.55 p.m. Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1 but including on 1500m only (also 202m Scotland) 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Treble Chance Knockout Quiz. 7.30 Play It Again (S). 8.02 Frank Chacksfield conducts the BBC Radio Orchestra (S). 9.02 Friday Night is Music Night (S). 10.02 Time for Old Time at the Radio 2 Ballroom (S). 11.02 Sports Desk (1500m only, also 202m Scotland, VHF joins Radio 1). 11.05 Len Jackson with The Late Show (1500m only, also 202m Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

‡ Medium Wave only

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Carter and Sessions (S). 9.45 BBC Concert Orchestra (S). 10.45 Schubert and Piano Sonata (S). 11.50 The Baroque Clarinet (S). 12.20 p.m. BBC Northern Symphony Orchestra, part 1: Beethoven, Bloch (S). 1.00 News. 1.05 Playbill (S). 1.20 Concert, part 2: Bruckner (S). 2.20 Tommy Reilly plays the harmonica (S). 2.55 Counter-Tenors and Orchestra, part 1. 3.35 In Short (talk). 3.45 Counter-Tenors and Orchestra, part 2 (S). 4.50 Prokofiev concert (S). 5.25 Pied Piper (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). ‡6.30 Lifelines: Leisure and Recreation. 7.30 Live from Cardiff, part 1: Berlioz, Paganini (S). 8.10 The Baron of "B." 8.30 Concert, part 2: Franck (S). 9.15 Haydn, The Inventor (S). 10.05 Haydn and Hummel (S). 10.50 Couperin (S). 11.25 News.

Radio 3 VHF only—6.30-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today, including 6.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of Today including 7.27 Sportsdesk. 7.35 Today's Papers. 7.45 Thought for the Day. 7.50 VHF Regional News. 7.55 Weather, programme news. 8.00 News and more of Today, including 8.27 Sportsdesk and 8.35 Today's Papers. 8.45 Percival and Apple. 9.00 News. 9.05 Voice of the People. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The Countryside in Winter. 11.50 My Perseus and Me. 12.00 News. 12.02 p.m. You and Yours. 12.27 Petticoat Line. ‡12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour from Manchester including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Any Answers? 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Top of the Form. 6.45 The Archers. 7.00 News Desk. 7.30 Pick of the Week. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Week Ending . . . 11.40 News.

Louder and funnier

by NIGEL ANDREWS

John Bluthal and Peter Sellers in 'The Return of the Pink Panther'

…ontation (A)
… Phoenix, East Finchley
…eturn of the Pink …ther (U)
… Leicester Square Theatre
…drel in White (AA)
Studio One
…o DeLuxe (X)
Continentale
…ounsellor (X)
Warner West End One

…as the best of years. It …e worst of years. It was … brimming with talent and …nt with unoriginality. It … year in which the cinema …f itself as never before. It …e year of the re-make; and …ar in which the old adage … sequel is never as good … original was roundly and …edly discredited. (*God… Part Two* and *French …ction Number Two* were …mprovements on the Mark …odels.) It was a year in … the disaster movie gave …oisily and imperceptibly, … monster-movie: *Jaws* to… *…ing Kong* (two versions …f) to-morrow. It was the … of the animals. *Primate, Rooster Cogburn, Hugo the … The Pig And I, All Crea… Great and Small.* It was …ar of the homicidal babies: *…live, I Don't Want To Be…*

It was the year of the …creen, the long script and …eturn of showmanship to …ational cinema.

…of which is better news than …ht first seem to one casting …ptical backward glance at … That American films are …g bigger, louder and …er suggests at least that …ne has taken up the cudgels … in the age-old battle with …sion. If we must have TV-…ed cops-and-robbers films … downbeat urban thrillers …h currently seem the staple …ct from across the Atlantic) … at least have a fair share … alternative as well: Holly… hokum writ large, and a … to the days when the …a was proud of its size and … and colour, and unabashed … vulgarity.

… it a year of nostalgia such … thing in the evolution of …t form. For the first time … history, the cinema seems …e standing off from the …ht line of progress and …g back at the way it has … American directors like …rt Altman play new varia… on old and classic Holly… genres. European directors … Fassbinder and Wim Wenders make no secret of the inspiration they draw from the Golden Age of American cinema. Sequels and remakes abound: not only *The Godfather* and *The French Connection* and their respective offspring, but *Flesh Gordon, The Spiral Staircase, Young Frankenstein, Flesh For Frankenstein, Funny Lady, Phantom of the Paradise, Return of the Pink Panther* . . . you name the film you remember from 1975, chances are it was a sequel or a remake.

Even European film-makers, to whom one has sometimes looked for a glimpse of the pioneering spirit, were turning their eyes to the past: Bresson's *Lancelot du Lac*, Pasolini's *Arabian Nights*, Herzog's *Enigma of Kasper Hauser*. Afraid of the way in which cinematic progress might lie—towards greater fragmentation and abstraction — movie-makers all over the world seem to have taken refuge, temporarily, in the tried and trusted magic of storey-telling. Consolidation of the past does not preclude—hopefully, it rather preludes—an advance on the future. And the critical awareness of movie history that all film-makers and filmgoers seem nowadays to share is a really strong and hopeful platform from which the cinema can launch itself into the second half of the 1970s.

No review of a past year in the cinema, however brief, seems complete without a ten best list. So here, in no specific order of preference or seniority, is mine.

The Passenger
Bring Me The Head of Alfredo Garcia
Barry Lyndon
The Goalkeeper's Fear of the Penalty
Fox
Nashville
Love and Death
Lancelot of the Lake
Smile
The Phantom of Liberty

Repetition was the keynote of 1975, and there is a distinct sense of *deja vu* about the first few films of 1976. Rolf Lyssy's *Konfrontation* (A, Phoenix East Finchley) is another of those sombre, sober, well-intentioned political films, based on a real historical incident, of which we have had such a prolific crop recently (cf. *Black Holiday, The Refusal, The Extradition*). The incident the film recreates was the assassination of the Swiss National Socialist leader Wilhelm Gustloff by a Jewish medical student, David Frankfurter, in Davos in 1936. The assassin was sentenced by the Swiss courts to 18 years in jail, but was paroled after the war with only 10 of those years served. The film interweaves a sypathetic fictional account of his crime, arrest and trial with an interview with the real Frankfurter, currently alive and living in Israel.

The issues raised by the film are more interesting than the film itself. Is assassination in peace-time ever justified? Should a criminal have his prison sentence revoked, or cut short, simply because the political tide turns in his favour? Frankfurter has stated that he "felt compelled to take vengeance on the representative of a regime that had made life in Germany impossible for Jews. I killed Gustloff because he was poisoning the atmosphere in Switzerland." I can think of several distinguished atmosphere-poisoners in modern Britain—naming no names—but I would hesitate to put a gun into the hands of their enemies or to use one against them myself. The film does all the simple things required of it well—good performances, bleakly effective photography, a tidy, lucid script—but it never seems to me to get to grips with the more complex and intriguing questions its story raises.

Inspector Clouseau rides, or rather stumbles, again in *The Return of the Pink Panther* (U, Leicester Square Theatre), the third film celebrating the activities of the maladroit Gallic detective, who was first created in Blake Edwards' *The Pink Panther*. Edwards has written and directed this film, and has clearly intended it as a vehicle for Peter Sellers. The comedian's co-stars are pushed so firmly into the background (Christopher Plummer, Catherine Schell, Herbert Lom) that one wonders in what access of professional humility they originally accepted the roles. It is Sellers' film from the moment he first appears—moving on a blind beggar in a Paris street while a bank robbery takes place unheeded behind his back—to his last bow, missed by an assassin's bullet as he bends to retrieve a vital object from the bedroom floor.

The film goes up and down with Sellers' performance and with the quality of the gags. The second is the more variable commodity. Clouseau's first appearance on the scene of a crime—spilling his fingerprint powder and dropping the lens out of his magnifying glass—is class slapstick: simple, precise, maniacal. Less happy, because more prolonged and predictable, are the later antics with a vacuum cleaner in his suspect's luxuriously appointed hotel room. The one great comic constant in the film—and Clouseau's own real claim to immortality—is Sellers' French accent; a weird, wonderful, and totally impenetrable hybrid of sounds that succeeds in leaving both his French and his English listeners equally baffled.

No less weird, but somewhat less wonderful, is Claude Chabrol's *Scoundrel In White* (AA, Studio One). Originally called *Dr. Popaul*, this is the film Chabrol made, some years ago, between *La Decade Prodigieuse* and *Les Noces Rouges*. Since *Le Boucher* in 1969 Chabrol's thrillers have become more and more whimsical and less and less compelling. This one stars Jean-Paul Belmondo as a man whose preference for plain girls over pretty ones leads to an ill-fated liaison with Mia Farrow. Not even buck teeth and glasses, and a mousy hair-do, can turn Mia Farrow into an ugly duckling. But this strain on our credulity is as nothing compared with the film's other far-fetched ingredients: sinister hospitals, mysterious car accidents, faked X-ray charts—all the cut-rate paraphernalia of the Hollywood Z-movie that Chabrol managed in his earlier films so triumphantly to eschew.

Rancho DeLuxe (X, Contintale) is a modern-dress western starring Jeff Bridges and Sam Waterston. Set in Montana, it is about the rise and fall of two happy-go-lucky rustlers, and their conflict with authority in the shape of an obese rancher (Clifton James) and the hick-town detective (Slim Pickens) he hires to track them down. There seems to be an allegory about modern youth contained in here somewhere—lots of throwaway philosophy in the dialogue, lots of meaningful confrontations between the generations—but the film is so dully directed (by Frank Perry) and so meanderingly constructed that one loses interest long before the hoped-for message is ready for delivery.

The Counsellor (X, Warner West End One) is *The Godfather Part Fourteen*: yet another spin-off from Francis Ford Coppola's lucrative Mafia epic, in which yet another Brando-esque patriarch (Martin Balsam) puts yet another pale and ruthless protégé (Thomas Milian) through the paces of his criminal apprenticeship.

Schaubühne, West Berlin

Hölderlin's Empedocles

by RONALD HOLLOWAY

An opening night at the Schaubühne am Halleschen Ufer in West Berlin is apt to be the major event of the season. And when Peter Stein or Klaus Michael Grüber lay their hands on a classic, the veteran theatre-goer is forewarned to do his homework before stepping over the threshold into the alien, complex, but relevant world of times past; later, he might even return (if he's lucky enough to get a ticket) with a notebook of his own to compare opinions. Grüber's production of *Empedokles Hölderlin lesen* (*Empedocles: Reading Hölderlin*) is the latest example of Schaubühne perfectionism, in which history is again set on its head to interpret, from the distant standpoint of art, past and present simultaneously. It is also another high-water mark in German theatre of this decade.

Grüber is a "threshold" director—that is, he stands on a border to bring historical and psychological perspective into his personal dramatisations of culturally rich plays.

For Hölderlin's poem, *The Death of Empedocles*, we experience not only the prophetic, "sublime" (as the word was used in the 19th century) vision of a writer who stood on the border between Classicism and Romanticism, but also the rough philosophical stumblings of the pre-Socratic era and later that inspired one of the most ethereal, rhapsodic, and difficult-to-interpret poems in German literature.

Empedocles is hardly a drama: thus the sub-title, *Reading Hölderlin*. It merely "telescopes" an actuality, rather than resorting to conventional modes of narration. In this regard, Grüber's previous *The Bacchae* offers some hints: in that production he offered a surrealistic commentary on the Fall of Greece that transferred primitive cannibalism to this century's horrific devouring of Western Civilisation. *Empedocles* provides the footnotes to *The Bacchae*, the "before" to the "after" of the Age of Pericles—and the two together provide a visual and oral portrait of a great ancient culture that resembles our own in its variety and disorder of thought, in the conflict between belief and philosophy, if we reckon ourselves as heirs of 19th-century thinking.

Johann Christian Friedrich Hölderlin (1770-1843) could scarcely contain his love for Greek culture in verse or prose, any more than his contemporary, painter Caspar David Friedrich (1774-1840), could put the brakes to introversion amid a landscape of symbolic metaphysics. Grüber, whose productions stride the border between realism and surrealism, captured the essence of *Empedocles* by likening the philosopher's ascent of Mount Etna to the wooden ship buried in grinding slashes of frozen floe-ice in Friedrich's allegorical painting, *The Wreck of the Hope* (c. 1822): this stark replica of spiritual shipwreck, of human aspiration encased in the world's glacial indifference, stabs the air on the broad plane of the front stage as the spectator takes his seat for a non-stop, two-hour poetry reading.

After this magnificent gesture to capture the *eye*, as Hölderlin's verses captivate the *ear*, little else of dramatic worth happens—save for a refracted glimpse into the present on a separate, contiguous stage that provides dimensional realism via a portrait of murking misery, a cross-section of life on any night in a Sicilian railway station. Ghostly, shadowy figures punctuate spoken lines.

The Hölderlin Reading is *articulation* of the first order: a feast for the Romantic-buff, it must be an eternity for the Boulevard-veteran! But one has only to buy the programme and follow the text (printed in large type) during the performance (if necessary) to feel the spiritual depth of a gifted poet. Bruno Ganz as Empedocles and Hans Diehl as Pausanias, dressed in the rags and goggles of two lost Arctic explorers, weigh each syllable with care and scrutiny and respect enough to put actors on subsidised stages who never bothered to take a speaking lesson to shame. Antonio Recalcati's stage design, joining the gloomy night-station at right-angle to a neon-lighted, bulb-burning checker-board mosaic illuminating in eery colours Hope-Etna, has the effect of splicing a cavernous underground pit to a rooftop advertisement post: both are desolate isles of the body and the soul, haunted only by a whistling wind that quietly envelops and sustains the atmosphere of the play from start to finish.

Hölderlin lived in an age when the line between genius and insanity was thinly drawn, when madness was far more than a theme for poets and painters: it was a destiny for any Romantic artist worth his weight in visions. Hölderlin's *Empedocles* echoes Büchner's *Lenz* and Kleist's *Penthesilea*, all of which can be interpreted as desperate bids for freedom or ecstatic dances of revolt against the restraints of civilisation. The Schaubühne production of this German classic places the ensemble in the foreground as the leading authority on the roots of a great national theatre tradition.

Purcell Room

Green-Armytage & Saunders

We have already heard a guitarist, a pianist and a wind quintet this week, all of them outstanding young talents, introduced at the Park Lane Group's Young Artists and 20th-Century Music series. On Wednesday it was the turn of a flautist and another pianist: neither one of positively prodigious accomplishment, but both gifted, interesting musicians, clearly on the brink of satisfying and successful careers.

Christopher Green-Armytage (b. 1957) is a deft and promising young pianist. His five Shostakovich Preludes were well contrasted, cleanly drawn; and if his account of Hindemith's second sonata seemed a little constrained—lacking a certain buoyancy in the outer movements, and in the slow movement, white-hot intensity of phrasing—the sound was always bright and clear, and the gentle logic of the tone-row (in spite of … memory lapse) impressively controlled. I specially liked his sentitive playing of Dallapiccola's *Quaderno Musicale di Annalibera*: lovingly and carefully prepared—in time the interpretation should gain still more in richness of detail and colour, depth of texture.

The flautist, Cathrine Saunders (b.1953), also showed admirable qualities: not always the purest of tones, but a warm, lively sound, brilliant, but not shrill, in the high registers, round and true in the low. Her account of the slow movement of Prokofiev's D major sonata was beautifully shaped—in the finale, was it tension that kept back the full flood of gaiety? She also gave, very neatly, and with a certain dry charm—once or twice even too drily—Berio's *Sequenza I*, Messiaen's *Le Merle noir*; and with a nice sense of romance, Poulenc's sonata of 1957.

DOMINIC GILL

Leonard Burt

Stephen Galloway and Nigel Stock in Terence Rattigan's 'The Browning Version,' revived last night at the King's Head in Upper Street, N.1

…iseum

The Valkyrie

by RONALD CRICHTON

…e second night of the open…*ing* cycle at the ENO, if it …ot so consistently satisfying …*inegold* the evening before …moments of great splendour … reached a standard high …h to make one eager for …est. Mackerras may not hold …ey to Goodall's command …e Wagnerian ground-swell, …e secures sharper definition …e orchestral playing and … exact liaison with the …rs — Wotan's narration in …2 was one outstanding …ple. There were occasional …ies of tempo, a too relent… forward thrust as Wotan …d his farewell, then …ly the opposite in the long …atic descent after he …d it. Also, as in *Rhinegold*, …en gleams of brilliant detail … the gleaming winds during …nhilde's exit after the …nciation. Apart from some … cello playing, the orches… tissue of the first act was …mmonly well knit.

…e production of Byam Shaw … Blatchley runs on lines by … well established: clear, un… exposition with characteri…n as humanly credible as …ble, leaving the audience … to draw its own conclusions …out being thumped on the … by sandbags as in the more …nal, penetrating but slanted …rich production at Covent …en. The use of the front … for soliloquy or intimate …gue matches the ease, clarity … singability of Andrew Porter's translation: when a colloquial phrase jars slightly there is usually a point to be made. One or two moments, like the formerly admirable treatment of the end of Act 2, have gone limp. In the last act, some of the warrior-maids pleading with Wotan have developed winsome gestures that don't go at all well with their appearance.

Koltai's designs, because they are *designed* and make well-composed stage pictures, mostly wear well. If they begin to look flimsy that is because now one cannot help comparing them with Svoboda's sets at Covent Garden, whose still incomplete *Ring* draws on greater intellectual and financial (though not, surely, musical) resources. Covent Garden's flickering, multi-mirrored Rhinemaidens become irritating, but they do at least explain better than the painfully slow upsa-downsa at the Coliseum why Alberich can't catch them. Robert Ornbo's lighting remains wonderfully subtle except for two details. In *Rhinegold*, the shining disc hung at the back confusingly reflects the Gods behind the rickety Valhalla, as if the Giants had thoughtfully provided the fortress with peeping servants. The sickly green light on Brünnhilde during the annunciation in *The Valkyrie* unkindly suggests a pistachio blancmange.

Whatever colour she was lit, and although the annunciation is unlikely ever to be the high spot of Rita Hunter's Brünnhilde, she was singing for the most part very well. The line in the last act may not be quite as adamantine as before, but the scene with Wotan is none the less strongly and touchingly done. As for Norman Bailey's Wotan, it is hard to imagine that any baritone to-day can excel him in the quiet sense of authority, in the masterly delivery of the narration or in the cantabile of the Farewell, which put the cellos to shame. Ann Howard was back as Fricka. Among her other virtues, she never overlooks the importance of communicating with singers as well as audience by means of the eyes—some of the principals, Wotan not excepted, are becoming lazy about this.

Except for the always interesting Hunding of Clifford Grant, the first act remains the weakest. The foliage sprouted by the ash tree usefully fills the upper half of the stage but leaves one confused as to whether the Hundings live in or out of doors. The spring radiance, when it comes, is as mean and bitter as an average English April. Siegmund was Jon Andrew, who delivered his quiet phrases (in his exchange with Brünnhilde, notably) with great effect, but was less happy when vocal energy was required. The Spring Song he treated as a party piece, as if he were singing for his meagre supper. Margaret Curphey, excellent, ultra-reliable soprano, seemed always about to burst into vocal flame as Sieglinde but never quite did so.

Both Walsungs are handicapped in this production by the determined suburbanisation, which worked at first as a jolt but now produces rapidly diminishing returns. Sieglinde's plain-Jane dress must be as dreary for the singer as it is for the audience (but she evidently managed in that poor but to keep her hair in shining condition). Sieglinde is no doubt wretched at home, but with Siegmund's coming she should blossom into something exceptional. The finest Sieglinde I have seen as well as heard since the war was Crespin, who wore drab but plenty of it, and carried it regally, and she had the full, burgeoning vocal excitement the role needs. Something of that excitement came on Wednesday from the eight Valkyries, full-throated as usual.

Annie Ross at Quaglino's

From January 12, Annie Ross will be appearing in cabaret at Quaglino's for three weeks. She will include songs from new Broadway shows, her favourite jazz numbers, French and Portuguese songs and some of her own compositions which have also been recently recorded by Joni Mitchell and Bette Midler.

WORLD TRADE NEWS

Oil makes Britain Norway's main market

By Fay Gjester

OSLO, Jan. 8.

BRITISH IMPORTS of Norwegian oil and oil platforms last year pushed British back to its old position as the biggest single market for Norwegian exports, according to the Export Council here.

During January/October, 1975, total exports to Britain (including ships, platforms and oil), were worth Kr.7.3bn.—62 per cent. up on the same period in 1974. This compared with total sales worth Kr.4.9bn. to Sweden, the runner-up.

But if exports of oil and platforms are discounted, Sweden remains Norway's most important customer by a good margin, with Britain only in second place. On this basis, exports to Britain in January/October were actually 12 per cent. down on a year earlier—to Kr.3.7bn.

Estimates for 1975 as a whole indicate that total Norwegian exports last year were worth some Kr.34.8bn., 13.4 per *cent. more than in 1974.* If exports of oil, platforms and ships are excluded, however, earnings have fallen 4.1 per cent. to Kr.26.7bn. Sectors worse affected have been animal feeds, fats, metals, paper pulp and paper and cardboard. Exports of iron and steel and machinery have, on the other hand, increased. Petroleum exports, worth just over Kr.3bn. last year, are expected to earn Kr.7bn. in 1976.

Europe currently takes 84 per cent. of Norway's exports, with 80 per cent. going to the countries of EFTA and the EEC. An Export Council spokesman said recently that this was "not entirely desirable." The Council was actively seeking new markets elsewhere, he said, particularly in Eastern Europe and the oil-producing countries.

Japanese win ship orders

TOKYO, Jan. 8.

KAWASAKI HEAVY Industries has signed a Y17bn. (£72.4m.) contract to supply two 23,000-deadweight-ton container ships to Kuwait Investment.

Kawasaki officials said the contract was made on a yen basis with a seven-year deferred payment. Kawasaki will use funds provided by the Japanese Export-Import Bank to finance the transaction.

The ships will be delivered to Kuwait Investment by June, 1977.

Meanwhile, Mitsui has received a Y20bn. (£82m.) order from Navarino Shipping SA of Greece for six 17,300-deadweight-ton multipurpose cargo vessels.

Mitsui officials said the contract is to be made on a yen basis with a deferred payment and Mitsui plans to use funds of the Japanese Export-Import Bank to finance the export of the vessels to Greece.

The vessels will be built by Hayashi Kane Zosen of Japan and will be delivered to the Greek company by June, 1979. AP-DJ

Klockner to build Czech ethylene plant

By Leslie Collit

BERLIN, Jan. 8.

Klöckner Industrieanlagen, a subsidiary of Klöckner, has contracted to build an ethylene plant costing DM118m. in Czechoslovakia for which Voest Alpine is the main contractor. The plant is to produce 450,000 tonnes of ethylene, a basic ingredient for the plastics industry.

Lummus of Wiesbaden, a subsidiary of CE Lummus of the U.S., will provide the basic design and engineering work for the project.

Britain may reprocess nuclear fuel for Iran

BY ROBERT GRAHAM

TEHERAN, Jan. 8

THE POSSIBILITY that Britain might undertake to reprocess spent nuclear fuel for the nuclear programme planned by Iran is among the energy topics that have been canvassed hard by Mr. Anthony Wedgwood Benn, Secretary for Energy, during a week-long visit here. The visit, which is part of the familiarisation process Mr. Benn has begun with the oil producers, lasts until Saturday although his formal talks ended yesterday.

British interest in Iran's nuclear programme was stressed both to the head of the Atomic Energy Commission, Dr. Akbar Etemad, and in an audience with the Shah.

Three months ago Britain signed a nuclear training agreement with Iran: but unlike France, Germany or the U.S., Britain has yet to take a commercial stake in the programme. Mr. Benn is understood to have said that Britain was willing to reprocess fuel at its Windscale factory for the Iranians, citing the Japanese example. The Japanese, who have sent more than 200 tonnes of spent fuel to Britain for *reprocessing, are now negotiating* a contract with British Nuclear Fuels estimated to be worth £300m.-£500m. The Iranians, until now, have been insisting that reprocessing facilities be established in Iran.

A public debate on whether the U.K. Government should permit British Nuclear Fuels to expand its export activities in spent fuel reprocessing is to be held in London next Thursday.

Mr. Benn also expressed Britain's interest in Iran's plans for prospecting for uranium. A contract for a major uranium survey is shortly due to go out to tender.

In extensive talks with senior representatives of the State oil concern, NIOC, Mr. Benn discussed ways the latter could usefully exchange information with Britain's newly-established BNOC. Mr. Benn also had a long meeting with Mr. Jamshid Amouzegar, the Minister in charge of OPEC affairs, on relations between producers and consumers. The question of Britain's participation in OPEC was also raised.

It appears that Mr. Benn has impressed the Iranians probably more than any other British Minister of the present Government who have visited Iran. In particular, he apparently established good rapport with the Shah, whom he saw in a 1½-hour long audience. Mr. Benn, who is now touring oil installations in Southern Iran, returns to the U.K. on Saturday.

WORLD CAR MARKETS

Importers gain 18% share of sales in U.S.

BY JAY PALMER

NEW YORK, Jan. 8.

WHILE 1975 was a generally poor year for the U.S. motor industry with total sales 3.5 per cent. down on the previous year, foreign producers managed to increase their sales to the market.

Importers lifted sales 14 per cent. to give themselves over 18 per cent. of the total market. Among the importers, the sharpest gains were reported by Toyota and Datsun which managed respectively to increase unit sales by 78 and 66 per cent.

Among domestic manufacturers only GM managed to improve its return with sales rising 1½ per cent., while Chrysler's sales fell 17 per cent., Ford and American Motors reported sales declines of respectively 10 and 4 per cent.

In line with the more optimistic projections, December, however, proved an excellent month for the U.S. car industry. New car sales over the four weeks rose 33 per cent. ahead of the comparative 1974 level although they still fell below the 1973 returns and well below the record December 1972 sales.

Despite the industry's recent sales rally, which really dates back to the start of the new model year last October, volume sales over the full 12 months of 1975 remained 3½ per cent. below 1974 returns and nearly 25 per cent. below record 1973 sales. The year's total unit sales of just over 7m. cars by U.S. manufacturers was the worst performance since 1962.

Over the last month of 1974, all of America's car makers reported higher sales. General Motors lead the pack with a sales gain of 39½ per cent., followed by American Motors with sales up 32 per cent., Ford with a 28 per cent. gain and Chrysler with a 27 per cent. rise.

U.S. CAR SALES

Company	1975	%	1974	%
General Motors	3.7m.	43.3	3.7m.	41.7
Ford	2.0m.	22.9	2.2m.	25.0
Chrysler	1.0m.	11.5	1.2m.	13.6
American Motors	322,000	3.7	334,000	3.8
Domestic total	7.0m.	81.4	7.5m.	84.1
Volkswagen†	335,000	3.9	401,000	4.6
Toyota	284,000	3.4	238,000	2.7
Datsun	263,000	3.0	189,000	2.1
Honda	102,000	1.2	44,000	0.5
Fiat	101,000	1.2	72,000	0.8
British Leyland‡	71,000	0.8	54,000	0.6
Mazda	65,000	0.8	61,000	0.7
Other imports	346,000	4.2	331,000	3.8
Import total	1.6m.	18.5	1.4m.	15.8
Grand total	8.6m.	100	8.9m.	100

† *Volkswagen figures include Porsche and Audi—less these additions VW falls second to Toyota.*

‡ *British Leyland figures include Jaguar, MG, Austin, Triumph and Rover.*

Call for more aid to offset high costs of Dutch exports

BY MICHAEL VAN OS

AMSTERDAM, Jan. 8.

A LEADING Dutch industrialist and exporter has made an urgent plea to the Government for increased aid for the export effort as a way of lessening the country's serious unemployment problems while also reinforcing the position of local industry in the longer term.

Addressing a New Year's staff meeting in Hengelo, Mr. Feyo Sickinghe, chairman of VMF-Stork, a leading Dutch industrial group, said that no other industrialised country was so dependent on exports as Holland where one in three workers is employed in export production. But whereas the stimulation of exports was foremost in the minds of other Governments, particularly in recent years, the Dutch governments had not followed suit. In this country, exporters were already handicapped by high wage costs making products expensive abroad, which was reinforced by the hard Dutch guilder.

Mr. Sickinghe, whose amalgamated engineering group exports 40 per cent. of its turnover directly from Holland while another 20 per cent. is produced outside the country, added: "When visiting the USSR, I learned that they found Dutch export financing possibilities too limited compared with other countries, while in Iran, where the whole world has lined up to win contracts, the prices of Dutch offers have appeared to be very high." He added that he had been confronted with such comments almost everywhere.

The VMF-Stork chairman also suggested a number of ways in which the Dutch export effort, which he said was particularly important in the capital goods sector, could be furthered. The commercial departments of the Dutch embassies could be expanded, a powerful centralised export promotion body should be built up—this had been phased out by the previous cabinet without being replaced by an alternative — while the Government could also organise receptions for important foreign contacts.

Mr. Sickinghe also said the Government should contemplate giving concrete financial aid in such cases in which it could reasonably be accepted that competitors would also be receiving state support, while there should be a joint tackling of large projects abroad that consisted of a variety of activities, and of activities in the developing countries, and, finally, orders or possibly contributions for product development, etc.

The VMF-Stork chairman said the money for such aid was certainly available and spent that way would be more effective in aiding the employment situation in Holland that the pumping of tremendous sums of money in other programmes which were only temporary in nature and which did not tackle the structural problems.

To illustrate The Hague Government's somewhat lackadaisical approach to exports, the VMF-Stork chairman said that on February 25, 1975, Dutch industry representatives had put concrete proposals to four Ministers at a meeting in which the Premier participated. But as many as seven months went by before there was a response to the proposals in the form of a weak substitute package drawn up without prior consultation with the industrialists, he added.

Bangladesh jute orders

BY KEVIN RAFFERTY

BANGLADESH HAS won two big jute orders, together worth more than Taka 120m. (£4m.), from the Soviet Union and Yugoslavia. The orders will provide welcome relief to a hard pressed jute industry in Bangladesh. They also mark important links with the Communist world, relations with which have been strained since the coup in which Sheikh Mujibur Rahman was killed.

The Soviet order is for jute and jute goods worth Taka 80.8m. It was agreed at the end of 1975 and was the largest single sales contract for last year. Bangladesh will supply 12,000 tons of raw jute, worth Taka 50m., and 15,000 bales of jute goods, worth Taka 30.8m.

Yugoslavia will buy 9,400 tons of high quality jute for Taka 43.5m. Yugoslavia uses 20,000 tons of jute a year and will probably buy the rest of its annual consumption from Bangladesh in a later deal.

Ever since Independence in December, 1971 the Bangladesh jute industry—accounting for 85 per cent. of export earnings—has been in the doldrums. Production fell from about 7m. bales before the disruptive liberation struggle to 4m. bales a year ago. In the current season the production is expected to increase to 4.5m. bales largely because of better weather.

In the second half of last year export sales began to pick up again, but had still not reached the level of two years ago.

Lack of orders shuts Trinidad asphalt plant

BY DAVID RENWICK

PORT OF SPAIN, Jan. 8.

TRINIDAD LAKE ASPHALT, which exports Trinidad natural asphalt to several countries around the world has closed down temporarily because of a lack of orders.

Last year the company shipped *36,000 tons to its main markets* in Britain, the U.S. and West Germany, but there have been no advance orders yet for 1976.

Company chairman Graydon Wellington attributed this to "the general worldwide economic recession which has caused cutbacks in the road building and construction industry."

Natural asphalt is used not only for road surfacing but for roofing and other building work.

Last year's exports were considered low by normal standards since the company has been selling an average of 54,000 tons of natural asphalt a year for the last ten years.

AMERICAN NEWS

VW again considering assembly plant in U.S.

By Jay Palmer

NEW YORK, Jan. 8.

VOLKSWAGEN of America, the U.S.-based marketing unit of the West German car company, revealed to-day that it is "very seriously investigating" two separate sites in the north-east *of America for a possible* assembly plant.

A spokesman in New York said that VW's 21-member supervisory Board in Germany will review the findings of this investigation later this month. An official announcement could be expected in late February or March.

It was also revealed that the supervisory Board will reconsider at the same meeting the possibility of taking on a partner in any future U.S.-based car-making venture. Although VW had previously admitted that it was considering a partnership, reports from the company last November indicated that this aspect of the plan had been dropped.

If approved by the supervisory *Board, Volkswagen confirmed* that its new plant would initially assemble vehicles from body parts manufactured in West Germany. The company pointed out that relative labour costs between America and West Germany are not so critical and that the transatlantic freight costs of completed vehicles is much higher than for parts.

The plant which Chrysler is said to be negotiating to sell to VW is located in New Stanton, Pennsylvania, close to Pittsburgh. The facility, which has been described as a bare shell, was completed in 1969 but has never been in production.

New Concorde route planned

Another Concorde route, between Paris and Caracas in Venezuela, is likely to be flown by Air France, in addition to that between Paris and Rio de Janeiro, and the British Airways' route between London and Bahrain, writes Michael Donne. Reports from Paris suggest that, if the French and Venezuelan Governments sign an expected agreement soon, granting Concorde landing rights at Caracas, Air France will start once-weekly flights there on April 1.

Including a refuelling stop at Lisbon or in the Azores, the Paris-Caracas flight time would be five hours 45 minutes, or about half the present 11 hours 10 minutes.

Labour protest

The ten labour members of President Ford's collective bargaining committee in construction will resign "en masse" to protest Ford's veto of the common site picketing bill, an AFLO-CIO official has said, AP-DJ reports.

The resignations are in protest "of the President breaking his word with the labour unions."

IMF CONFERENCE IN JAMAICA

Economists urge 5% growth ceiling for 1976

BY GUY DE JONQUIERES

KINGSTON, Jamaica, Jan

INTERNATIONAL economists now believe that a four to five per cent. rate of real growth is the maximum which can be attained by the industrialised economies this year without risk*ing severe overheating and a re*kindling of inflationary pressures in 1977.

Their concern about the dangers of a too rapid upswing over the coming 12 months, with the corresponding risk of a return to restrictive deflationary measures next year, is considerably more marked than that expressed only last month.

The four to five per cent. growth target is also clearly considered too low by the British Government. This was made clear yesterday by Mr. Denis Healey, the Chancellor, who called upon the U.S., Germany, France and Japan to ensure that they fulfilled the somewhat higher projections that they have published for this year.

The Chancellor, who was speak*ing at the first day's meeting of* the interim committee of 20 here, joined economists of the International Monetary Fund and the OECD in suggesting that these Governments had exaggerated the strength of the current upturn in their national economies.

He strongly implied that further stimulative action should be taken if it became clear that the world economic recovery was faltering.

It is readily conceded by international economists here that a 1976 growth rate in the four to five per cent. range would mean that this year would see little improvement in unemployment rates in most countries and that prospects for short-term turnaround in the balance of payments positions of deficit countries like Britain would be poor.

But it is also emphasised that these disadvantages are the necessary price for the kind of recovery which would enable the world economy to break out of the pattern of sharp peaks and troughs of the past few years. Although the level of consumer confidence remains low in many industrialised countries at present, once it returns there is a danger that excessive demand will cause supply shortages, leaving Governments no choice but to reapply the brakes.

While acknowledging cor[...] able progress in reducing [...] tion in the industrialised [...] in recent months, the econ[...] also see little reason to [...] with the OECD's most [...] forecast of an inflation r[...] about 8 per cent. in the [...] loped world during 1976.

On the balance of pa[...] front, it is forecast that [...] producing countries wil[...] tinue to run sizeable defic[...] the near term and it is [...] mended that adequate pr[...] be made for short-term fi[...] by the IMF.

AP-DJ adds from Ki[...] U.S. Treasury Secretary W[...] Simon, sharply countered [...] that Finance Ministers a[...] shaping a big enough p[...] of financial aid for dev[...] countries. He said that m[...] agreements reached here [...] make more than $7bn. av[...] to such countries in 19[...] beyond.

Reuter adds from Ki[...] The U.S. Consulate was [...] to-day by demonstrators [...] ing at the presence of [...] Africa's delegate to th[...] meeting.

Pre-campaign polls blow to Fo[...]

BY DAVID BELL

WASHINGTON, Ja[...]

THE OPINION POLLS are again bringing very little comfort to President Ford who yesterday visited his campaign office for the first time in preparation for the arduous campaigning which lies ahead.

Since the nation's two leading polls issued diametrically opposite analyses of the public mind just before Christmas, there has been some scepticism about their usefulness while public opinion remains so obviously volatile. But they are still widely believed and to-day's Gallup Poll will do nothing to strengthen the President's political standing.

It shows that only 39 per cent. of those questioned approve of Mr. Ford's performance as President which is up 2 per cent. from the lowest level that his support has reached, but 7 per cent. below the level he received in early December. Some 46 per cent. of those surveyed disapproved of his conduct of the Presidency while 15 per cent. indicated they have yet to make up their mind.

The survey may further depress the President because it was taken on the week-end after he returned from China on a trip which put him on all the front pages for several days. Since the trip he has become the target of an unprecedented number of jokes about his clumsiness which may have weakened his stand[...]

Meanwhile, a Harris P[...] released to-day shows Mr. Reagan gaining support [...] voters across the coun[...] Reagan has just begun h[...] paign in New Hampshire [...] he is hoping to beat the P[...] in the nation's first prim[...] month.

However, in the first f[...] of his campaign in New [...] shire, Mr. Reagan has nc[...] it all plain sailing. A [...] next poll which will pres[...] take account of some [...] adverse comment abo[...] grasp of the issues ma[...] that the initial enthusia[...] him will wane quite ra[...]

Venezuela reveals terms of Exxon agreement

CARACUS, Jan. 8.

THE VENEZUELA Government will pay Exxon and Royal Dutch Shell 15 U.S. cents per barrel of petroleum produced here and the same amount for each barrel refined in return for technological assistance from the international companies, a source in the Venezuelan Government said.

When Venezuela took formal control over all foreign oil companies here on New Year's Day, its ties with the international petroleum concerns were maintained through agreements covering technology and marketing of Venezuelan petroleum products abroad.

Exxon has already established a new company here—Exxon Services—in order to channel technical know-how to the nationalised industry.

The Venezuelan Government's petrodollar reservoir—the Venezuelan Investment Fund—will have assets totalling $6.98bn. by 1979. Reuter

One-man ru[...] as Ecuador strike goes [...]

PRESIDENT Guillermo [...] guez Lara, ruling with [...] official Cabinet team, ye[...] faced the fourth day of [...] spread transport strike [...] has brought student [...] Ecuador's two major [...] Reuter reports from [...] Wednesday's announcem[...] the 11-man Cabinet had t[...] its resignation at least [...] ago heightened political [...] in the capital.

PRESSURE FOR TIGHTER CONTROL ON CHEMICALS

The unknown poison

BY DAVID BELL IN WASHINGTON

A SMALL chemical plant in a former petrol station has become the latest symbol of the dangers of unnoticed pollution and of the difficulties of coming to terms with the danger even once it has been discovered.

Workmen are now dismantling the $175,000 plant in Hopewell, Virginia, which was closed by State authorities last summer, nine months after doubts were first expressed about the safety of the chemical it was producing. Twenty-nine former workers are in hospital with tremors, loss of memory, slurred speech, loss of weight, erratic eye movements, and liver damage.

A number of doctors have said that not only do they have no idea how to get the chemical out of the bodies of the former workers, but also that their wives and children are almost certainly seriously affected by the chemical as well. Traces of the white powdery substance, known as Kepone, have been found in the air and in rivers up to 40 miles away. One of Virginia's main rivers has been closed for most of its length to make sure that fish have not been contaminated as well.

Kepone is not unlike DDT and has been widely used in heavily diluted form as an active ingredient in bait for ants and cockroaches. Part of the production of the Hopewell plant was exported to Germany, where it was used as a pesticide on potatoes, and to Central and South America where it was used on bananas.

State investigators found a film of Kepone dust, 95 per cent. pure, over all the tables in the canteen. Men carried it home on their clothes, and doctors believe that it was transferred in the family wash to the clothes of their children. The chemical does not break down in the body.

It is conceded that the chemical did cause severe neurological and other damage to many workers, but so far there is no agreement as to who is to blame. The process of closing the plant is being cited by environmentalists as evidence that existing laws and monitoring procedures are not strict enough. Before the Hopewell plant was set up, Kepone was produced for some years by Allied Chemical which in 1974 *ceded production of the* chemical to two former employees who set up at Hopewell and sold their entire production to Allied. Allied has repeatedly denied that it has any responsibility for conditions in the Hopewell plant and contends that the two men who founded the company, Life Science Products, must take the blame. An Allied spokesman said at the end of last month that the company never concealed the fact that Kepone was highly toxic and that while "very much distressed" by the Kepone matter it was in no way legally responsible.

The former workers at Hopewell do not accept this and have filed a $29m. damage suit against Allied and Life Science products, charging that Allied had failed to give proper warnings of the dangers. The two owners of the Hopewell plant have so far refused to comment on their view of the matter save to reject an allegation by Allied that they were aware of the danger of *Kepone. The workers charge* that they were not encouraged to use the safety equipment provided, and that they were never told of the possible dangers. The former plant superintendent said that when he first began to shake uncontrollably he put it down to exhaustion after a hard day's work, never thinking that it might be caused by the chemical.

Allied, in fact did draw attention in 1966 to the dangers of the chemical in a memorandum which reads in part: "The raw materials and desired product of this process are very toxic or reactive materials, which must be handled carefully and kept from the skin, eyes, respiratory system and mouth." An Allied spokesman has since said that one of the two men who ran the Hopewell plant was one of the greatest experts in the field of Kepone production.

Whatever the truth of suggestions that one or the other of the companies involved could have paid more attention to the dangers, the length of time that it took officials to deal with the case is being widely criticised. Only eight months after the plant had begun operating, a Virginia water control board official *noticed that it was blocking the* Hopewell sewerage system, and the State agency began to discuss with Hopewell ways in which the pollution could be reduced without apparently ever discussing whether the chemical might be dangerous. Meanwhile, a State air pollution monitoring station less than 200 yards away from the plant was recording relatively large amounts of kepone dust in the air. These were never analysed.

Because Kepone was not classified as a notifiable pesticide under federal regulations—technically it is a chemical subject to further formulation in the pesticide production process—it did not fall under the aegis of the environmental protection agency. It has since been registered. Thus when an EPA inspector visited the plant in March, 1975, he did no more than send a memo to Washington noting that Kepone was being made. Three months later the Virginia Health Department's Bureau of Hygiene became aware of the "hazardous nature of the ingredients and products at the plant," but there was no formal procedure by which to alert the federal Occupational Health and Safety Administration which has power to inspect plants such as that at Hopewell.

The Occupational Health and Safety Administration advised 36 companies which produce Kepone late on Wednesday night that they should limit the exposure of their employees to the pesticide. The warnings were sent by telegram and the companies were also advised to expect a visit from Government inspectors to make sure that employees are being properly protected.

> The Hopewell case is giving fresh impetus for a new Act for the control of toxic substances.

Only when two alert doctors discovered evidence of Kepone poisoning in the body of a former Kepone worker did the State Health Department shut down the plant last July. It is now being torn down.

The lawyer defending the two owners of the plant has since claimed that.. "while every agency in the world has jumped on them in hindsight," none of the agencies acted with great their fears. The Water Board has since said that it did not know enough about Kepone, and the Air Pollution Board has said speed or alerted the owners to that it never analysed the dust because it too did not know enough about Kepone. A special investigating force is now trying to discover what needs done to remove all tr[...] Kepone from the area.

The Hopewell Case is [...] fresh impetus to attempt [...] Congress to pass a new [...] the control of toxic sub[...] which would give the E[...] wider authority over the [...] dangerous chemicals usec[...] making of modern indust[...] commercial products.

While the chemical i[...] agrees that there are lo[...] that need closing, it argu[...] too stringent restrictions [...] place a financial burc[...] smaller companies that [...] actually bankrupt some o[...] So far the industry has o[...] ported Bills that would all[...] market screening of only [...] small number of ob[...] suspicious substances.

Senator John Tunney [...] fornia, one of the main s[...] of the Senate Bill, sa[...] "control at this stage avo[...] pain, misery, and in som[...] even death that all too fre[...] follows the production of [...] cals in large quantities [...] sufficient knowledge as t[...] toxic properties."

A recent example th[...] Tunney and others poin[...] that of PCBs (polychlo[...] biphenyls) widely used i[...] trical and other industri[...] ducts. Traces of these che[...] have been found in fish [...] Great Lakes and the [...] River. They are widel[...] pected of causing cancer [...] Russel Train, the EPA's A[...] trator, said at a recent [...] conference that "we fin[...] selves without the au[...] that we really need to co[...] the problem." Mr. Train [...] "I am troubled by the de[...] we are moving into an e[...] year and action gets hard[...] harder."

For the Hopewell worke[...] their families pre-testing [...] have prevented disaster [...] Kepone had been produc[...] a long time and might w[...] have come under the pr[...] Bill any way. They woul[...] haps have benefited more [...] far closer co-operation b[...] State and federal agencie[...]

As it was, it was a firem[...] put his finger on the p[...] unknowingly. "If it kills [...] is bound to hurt you," h[...] people at the plant on [...] the white dust which had [...] mistaken for a cloud of [...] He was told not to worry.

THE FINANCIAL TIMES, published dai[...] Sundays and holidays. U.S. sub[...] $167.00 (air freight) $314.00 (air m[...] annum. Second class postage paid [...] York, N.Y.

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...rge 5% ... for 1...

PLA chief attend ...mmit Addis

...ne Bergerol

LUANDA, Jan. 8.

...ENTLY confident that it ...ceive the requisite num... votes to admit it to mem... of the Organisation of ... Unity, the MPLA govern... here has announced that ...esident, Agostinho Neto ... Prime Minister, Lopo do ...nento, will leave for the ...pecial summit on Angola ...urday.

... announcement of the ... leaders' imminent ...ure was made here to-day ... recognition by another ... country of the MPLA as ...e government of Angola ...de known. Chad becomes ...th country to recognise ...

...while at a Press confer... here three White South ... soldiers and four black ...ns from Unita, prisoners ...A, described joint opera... gainst the MPLA. They ...aptured on the southern ...t Gungo, in the Cela area ...me 500 miles from the ... with South West Africa, ...day.

... three White South ...s are all young regular ...en: they are Piet Groene... aged 19, army number ...1, Lodewik Johannes ...an Kitshoff aged 18, army ...r 734438640, and Andries ...k Potgieter aged 19, army ...r 72204217, and were flown ... their unit direct from ...ntein to Cela three weeks ...

... said they were not fight... integrated units with the Angolans from Unita, but ... provide the infantry and ...vide the artillery." The ...oldiers said they had been ... front line in the Gungo ... with the South African ... behind them. One of the ...rs, 37 year old Oliveira ... a farmer from Nova ... said this unit had come ...ilva Porto, where, he said ...ere many South African ... Silva Porto is one of the ... Unita bases in central ...

...rate command

...rding to one of the South ... prisoners, the South ... soldiers in his unit were ... remain in Angola. "We ...aken prisoner on Sunday ... we were expecting an ... and were digging in for ...v. The following day we ...rders to return to South ... said Andries Potgieter. ...eter also stated that there ...round 250 South African ... in his area.

... South Africans said they ...eing commanded in the ... their own commanders ... Unita soldiers said they ...ing led by their own Black ...n officers. One of the ...risoners also reported an ... on his unit by FNLA ... "but we did'nt fight back ...A are stronger."

...while the MPLA military ...man claimed the war is ... well for the MPLA on all ... since the New Year. Aside ... the considerable terri... gains in northern Angola ...e capture of Negage and ... Commander Juju, the ... military spokesman, listed ...ber of small towns re...ed from the South Africans ... southern front including ..., Cariango, and Lubuco. He ...laimed that the offensive ...t the MPLA on the eastern ...as now been halted.

...h African, FNLA and ... forces had launched a ... push east and north out... from Luso, which they re...ed at the beginning of ...ber, designed to expel ... from the Saurimo airbase. ...er this advance, Com...r Juju claims, has been ..., and MPLA is regrouping ... counter-offensive presum... designed to thrust back ...is Luso and Cangumbe.

...olls blow t...

...erms ...t

One-E... ...as Ea... strike

...ICALS ...poison

S. Africa silent on reports of withdrawal

BY GRAHAM HATTON JOHANNESBURG, Jan. 8.

SOUTH AFRICA'S Minister of Defence, Mr. Piet Botha, to-day refused to confirm or deny reports that South Africa would withdraw its forces from Angola within 48 hours on certain specific conditions.

South Africa news media have been banned by the government from publishing the original report made by an American broadcasting company.

The Minister again said that his country had no claim on Angola and would like to see the ference on the part of outside territory "free from all interforces."

He went on: "The only direct interest South Africa has in Angola is the pump station and waterworks as well as the hydro-electric scheme at Ruacana and Calueque near the Cunene River. For this development South Africa spent large amounts and in the interest of Ovamboland [in South West Africa] must see that the infrastructure and electric power be protected as originally arranged."

With the rising toll of South African deaths in Angola (no mention is ever made in official announcements of injuries) a withdrawal of South African military forces would do much to relieve the tension that has been part of the public mood here for some weeks. At the same time, most South Africans are fully aware that their country is likely to get a roasting at this week-end's OAU meeting.

"This is going to be a galling experience for South Africa" was the theme of a typical Press report this afternoon.

David Bell writes from Washington: Both the White House and the State Department said to-day that they had not been directly informed by the South African Government that South African troops are to be pulled out of Angola within 48 hours.

But privately officials said that the report of a South African withdrawal—first made by NBC news last night—might not be "completely without foundation" and one senior official said that the U.S. has received an indirect indication that some form of withdrawal could be imminent.

In the past few days there has been growing criticism here of the apparent co-operation between the U.S. and South Africa which has also drawn sharp criticism in much of Free Africa. Dr. Henry Kissinger, using the intricate language that he so likes, has sought to put a good deal of distance between South Africa and the U.S. calling on the South Africans to pull out.

Divisions emerge as OAU meeting starts

BY OUR OWN CORRESPONDENT ADDIS ABABA, Jan. 8.

FOREIGN Ministers and heads of delegations from more than 30 African countries, including representatives of all three Angolan liberation movements have met in emergency session here in preparation for the Organisation of African Unity's extraordinary summit conference on Angola. They went immediately into closed session.

Informed sources say the Ministers are working on an agenda, and possibly on a formal resolution, to be submitted to the heads of State summit which will follow the council of Ministers' meeting on Saturday. The summit, the first-ever extraordinary session in the OAU's 12-year history, threatens also to be the most divisive in its history.

Ranged on one side are the member States—probably a majority but numbering at least 21—who favour outright recognition of the Luanda-based and Soviet-backed government declared by the MPLA.

On the other side are the members who favour a government of national unity formed from the western-backed FNLA and Unita.

Both factions are expected to call—with vehemence—for an end to South African intervention in the former Portuguese territory. But supporters of the FNLA-Unita coalition are also expected to call for an end to all—including Soviet and Cuban—intervention in Angola.

Some indication of the rift in opinion was made apparent when Mozambique's Foreign Minister, Joachim Chissano, arrived and immediately called not only for the admission of the MPLA as a member state, but also for the representation of the "Angolan people" at the summit itself.

But Mr. F. M. Minah, the Foreign Minister of Sierra Leone, called for a government of national unity. "We think this way," he said, "Because for the OAU to recognise any one of the Angolan governments, having previously recognised all three, would be a catastrophe."

AP-DJ adds: Unita to-day called for an immediate cease-fire in Angola, a joint African peace-keeping force, peace talks and a coalition government pending general elections. George Sangumbe, spokesman for Unita, urged black Africa not to take sides in the conflict.

"If the OAU takes a unilateral position, the conflict will drag on and there will be another Vietnam, this time in Africa," he told reporters.

Unita capital revives

HUAMBO, ANGOLA, Jan. 8.

THIS capital city of the Western-backed Unita/FNLA coalition is returning slowly from the dead. Most of Huambo's shops are locked and barred, its industries idle. Water supplies are scarce and sporadic and the stench of rotting litter lies heavily in the tropical air.

The city's elite, doctors, businessmen, bankers, most of them Portuguese, have fled. Cannibalised and burned out cars litter the sidewalks and the city has been defaced by wartime graffiti.

The city is guarded by a ragtag army of Unita soldiers dressed in an array of jungle camouflage, red jeans, cowboy hats, pith helmets and Portuguese military caps. Their arms are an equally wide range of American-made vintage carbines, Israeli Uzis, Russian AK47 assault rifles and British and Belgian rifles.

● Johannesburg: The Marxist-controlled Luanda Radio claimed to-day its forces had shot down a South African Air Force light aircraft this week, killing the pilot and three soldiers.

UPI

India bars appeals to courts

By K. K. Sharma

NEW DELHI, Jan. 8.

INDIA'S PRESIDENT, Mr. Fakhruddin Ali Ahmed, to-day issued an order preventing Indians from asking courts to enforce their basic constitutional rights.

Constitutional rights were suspended for the duration of the Emergency declared in June, but some high courts had examined "habeas corpus" pleas and taken decisions against the Government.

The rights guaranteed under Article 19 are broadly known as "the seven freedoms"—freedom of speech and expression; right to assemble peaceably and without arms; form associations or unions, move freely throughout India; acquire, hold and dispose of property; and practise any profession or carry on any occupation trade or business.

The rights under Articles 14, 21 and 22 (ensuring equality before law, protection of life and personal liberty and protection against arrest) remain suspended during the period of the emergency under a notification issued by the President on June 27 last year.

Meanwhile, Mrs. Indira Gandhi, the Prime Minister, told the Upper House of Parliament that the emergency had to be declared because of acts of sabotage and because there was a very deliberate, conscious and declared effort to paralyse the central Government.

Intervening in the debate on the President's address to Parliament, Mrs. Gandhi said the emergency had not been imposed because her party was afraid of elections, abuse, false allegations and intimidation.

Mrs. Gandhi was cheered when she said that "democracy is a value we cherish." If some curbs had been placed it was because democracy was in danger, she added.

Fighting cuts nearly all roads from Beirut

BEIRUT, Jan. 8.

HEAVY fighting between Christian and Moslem factions left Beirut almost isolated by road to-day as outnumbered Christian forces launched a counter-attack on three fronts to push back Palestinian guerillas into an encircled area around the Tal Al Zaatar refugee camp to the north-east of the capital.

Beirut, which has the Mediterranean to the north and west, found itself with only one narrow corridor to the south, including the airport road, along which traffic could pass in reasonable safety.

After two nights of heavy fighting fresh battles broke out to-day in the ring of suburbs to the east and south-east of the city. Huge palls of smoke lingered over eastern areas where savage exchanges of mortar, rocket and automatic weapons fire had started major fires.

Christian Phalangists said casualties for both sides last night included 20 or 25 dead. Moslem forces said they lost 13 dead and 19 wounded in yesterday's offensive on Phalangist lines. Police sources said at least 55 people had been killed and about 125 wounded in the past 48 hours, estimating the toll in the nine-month-old civil war at 8,150 dead, 16,400 wounded.

Rocket, mortar and intensive machine-gun fire blazed across the eastern suburbs as the battle swayed between attack and counter-attack along a two-mile are between Tal Al Zaatar and neighbouring Christian enclaves.

By mid-afternoon the Christians, who were loosing ground to the Palestinians in the morning, had launched a counter-attack in three directions to push the commandos a mile east towards the camp.

A force of about 300 Christians from the Rightist Phalangist Party and the National Liberal Party of Mr. Camille Chamoun pushed south-east under heavy shell fire to secure most of the eastern suburb's fringe from Palestinians, who stormed it Wednesday.

At one point, they pushed to within 50 yards of a traffic circle on the road to Talk Al Zaatar before Palestinians, firing from positions around the ruins of a hospital shelled and burned the night before, drove them back.

In the capital's centre, snipers stepped up murderous duels, putting paid to efforts by security forces to clear a neutral zone between the Left- and Right-wing forces who had battled for the heart of Beirut in earlier rounds of the civil war.

The latest eruption began two nights ago when Palestinian commandos tried to smash through Phalangist lines encircling Tel Al Zaatar.

Mediation efforts by the Government have so far failed, and the increase in sniper fire in the city centre was an ominous indication that the whole of Beirut could once again be engulfed in all-out warfare.

A meeting between President Sulieman Franjieh and the U.S. Ambassador, Mr. McMurtrie Godley, was cancelled to-day because of lack of security.

A Moslem spokesman for forces in the Shiyah district said they had captured part of Christian Ain Al Rummaneh in their drive to link with the eastern arm of a pincer movement to cut off Christian forces in central districts from rural Christian areas to the north-east.

The commandos also aimed to seize a strategic cross-roads near Ain Al Rummaneh, where the main highway to Damascus starts its climb into the hills.

If this was captured and if the commandos could seize or block two bridges at the mouth of the River Beirut, where traffic from the north enters the city, all the capital's main approach roads would be denied to the Christians. Moslem snipers made these bridges extremely dangerous to-day.

Agencies

'Hands off Lebanon' says Peres

BY L. DANIEL TEL AVIV, Jan. 8.

ANY SYRIAN intervention in Lebanon, on whatever grounds, cannot leave Israel apathetic but would force her to consider what steps to take, Israeli Defence Minister Shimon Peres said this morning. It was the first official reaction here to Syrian Foreign Minister Abdel-Halim Khaddam's statement, as quoted by a Kuwaiti newspaper, yesterday, that partition of Lebanon between the Christians and the Moslems would lead to the entry of Syrian troops and possible annexation of Lebanon. Mr. Khaddam added, according to the newspaper report, that Syria would embark on this course even if it brought another Middle East war.

Mr. Peres, interviewed in "Ma'ariv," stressed that any Syrian intervention would have to be regarded as an invasion, with all that that implied. However, he kept his comments vague as to the course Israel would adopt.

Official circles in Jerusalem, which refused to be named, said that any changes in Lebanon's status would have to be viewed with the utmost gravity because of their implications for Israel's security along the Northern border. Mr. Khaddam's statement will apparently be discussed in Jerusalem to-day at Ministerial level, with the participation of the Prime Minister, who recently said that Israel prefers Lebanon as she is, that is, undivided.

Louis Fares reports from Damascus: Syrian officials are declining to elaborate on Mr. Khaddam's statement. But the Government is profoundly disturbed by the turn of events in the Lebanon.

The threat of annexation came at a time of significant developments in the civil war in Lebanon. For the first time it looks as if the Palestinians might get involved in the fighting in earnest. The Syrian Government-owned Press warned to-day against what it called "a plot" aimed at diverting the Palestinians from fighting Israel and scoring another victory at the U.N.

But diplomats here think the Khaddam statement at this stage should be seen as "a warning rather than a threat" addressed to partitionists in the Lebanon.

The Syrian Press has also bitterly attacked President Sadat for opposing Syria's planned amendments of U.N. Resolutions 242 and 338.

Reuter adds from Kuwait: Syria plans to ask the UN Security Council to implement General Assembly resolutions supporting the rights of the Palestinians to self-determination and their return to former homes, according to the newspaper Al-Rai Al-Amm. It published what it described as the full text of a resolution which Syria planned to submit to the Security Council on Monday.

Libyan students occupy Cairo embassy

By Michael Tingay

CAIRO, Jan. 8.

By Michael Tingay

MORE THAN 200 Libyan students occupied the Libyan Embassy in Cairo to-day in protest against the alleged killing of 13 university students in Benghazi last Sunday. The students, who are demanding that someone from the 12-man Libyan Revolutionary Command Council fly to Cairo, claim that 13 students were shot dead and dozens injured during a demonstration in Benghazi's central Al-Shagara Square when security forces opened fire.

A student told the Financial Times by telephone that they would remain in the Embassy until an RCC member arrived.

● British Conservative leader Mrs. Margaret Thatcher met Egyptian Foreign Minister Ismail Fahmi. Informed sources quoted by Reuter said Egypt wished to sound out Conservative policy

...romyko visit unlikely to ...eak Japan deadlock

CHARLES SMITH, FAR EAST EDITOR TOKYO, Jan. 8.

...E-DAY visit to Tokyo by ...viet Foreign Minister, Mr. ...ko, which starts to-morrow, ... most certainly fail to break ...resent deadlock in Soviet-...se relations.

... main topic at Mr. ...ko's talks with the Japa... Foreign Minister Kiichi ...awa will be the long-...d Soviet-Japanese peace ..., which is still needed to ... formal end to the hostili...f the Second World War. ..., however, will not sign a treaty without getting a ...se from Moscow of the ...n of four islands in the ...ern Kurile chain imme...y north of Okkaido, and ...ussians appear to be in no ... to recognise the Japanese ...

...romise to return only the ...southernmost of the four ...ncluded in the 1956 protocol ... which the two countries ...ished diplomatic relations, ...epeated Japanese efforts to ...e Russians to discuss the ... of their territorial claim ... been rejected. The Japa... claim was described as ...unded" in a policy state... issued by Mr. Gromyko late ...ear. Nothing has happened ... then to suggest that the ...t attitude has softened.

... Gromyko-Miyazawa meet... come just one year after ...wo Foreign Ministers last ...in Moscow and fulfilled an ...rtaking made at that time ...sume contacts within a 12-...h period. The main point ...e meeting, however, seems ... to keep channels of com...cation open between the ...ountries rather than to conduct substantive negotiations on bilateral issues. The Japanese Foreign Ministry declined to-day to say whether a communique would be published after the talks—some indication that not very much is expected to result from them.

Apart from the peace treaty and the territory issue Japan intends to take up with the Russians two other bilateral issues. These are first the continued seizure by the Soviet Union of Japanese fishing vessels, ostensibly for trespassing in Soviet territorial waters north of Hokkaido, and second the position of the 93 Japanese nationals who have been in Russian since the end of the Second World War.

Japan is holding back on a project for natural gas development in Yakut because the U.S. has failed to implement its part of what was intended to be a three-cornered project. The ambitious Tyumen oil project, which at one time had been expected to provide Japan with 40m. tons of oil per year, appears to have been completely shelved.

For security reasons the Japanese Government is not publishing the time of Mr. Gromyko's arrival in Tokyo or the details of his itinerary. It is known however that his programme allows for about five hours of talks on Saturday with Mr. Miyazawa, and that he will be meeting the Japanese Foreign Minister again on Monday. Mr. Gromyko will also pay a courtesy call on Prime Minister Takeo Miki, and will be presented to the Emperor.

Nkomo-Smith talks adjourned

SALISBURY, Jan. 8.

TALKS between the Smith Government and the Nkomo African National Council have been adjourned until next week and are expected to resume on Monday or Tuesday. A terse communique issued after a 100 minute meeting this afternoon said it had been agreed to adjourn "to enable the two delegations to carry out detailed studies of certain constitutional aspects," writes Tony Hawkins from Salisbury.

Egypt needs $4bn.

Describing Egypt's economic plight as "not as grim as some people imagine," President Anwar Sadat said he still needed $4bn. in the next two years to overcome a "temporary crisis," AP-DJ reports. In a Cairo newspaper interview published yesterday, President Sadat said his Prime Minister, Namdouh Salem, would begin a tour of Arab countries.

Polisario Front

The leader of the Polisario Front fighting for the independence of Spanish Sahara said yesterday in an interview his movement may soon set up a provisional government, UPI reports from Algiers.

Sri Lanka dam

The first stage of Sri Lanka's biggest multi-purpose project was inaugurated yesterday when the waters of the country's longest river, the Mahaweli, were diverted to the arid, often drought stricken north central province, our Colombo correspondent reports.

EUROPEAN NEWS

Bonn 'should seek' British participation in Airbus

BY NICHOLAS COLCHESTER

BONN, Jan. 8.

THE WEST German Government should negotiate with other European Governments to bring Britain and Italy into an expanded "Airbus" programme and to make sure that European airlines buy European aircraft.

It should also suggest that European co-operation in the aerospace sector be supplemented by "partnerlike co-operation" with the U.S.

These are among the new recommendations to the Government from the "co-ordinator of the German aerospace industry."

The co-ordinator's report will be considered by the Cabinet next Wednesday. It suggests that series production of the Multi-Role Combat Aircraft (MRCA) which Germany has developed with Britain and Italy should start in the second quarter of this year.

It proposes that the VFW 614 shorthaul jet should be helped with a production subsidy of DM53m. for the first 32 aircraft. and with a sales subsidy of DM1.4m. per aircraft. It also says that funds should be made available for the development of a family of aircraft based on the European airbus.

State Secretary Martin Gruener of the Economics Ministry was appointed co-ordinator a year ago, and was asked to carry out a rethink of an aerospace industry that employs 50,000 people and gets 85 per cent. of its current turnover from public funds. His report contains no shocks and the first half of it explains why the Government must continue to support the industry's present space, civil aircraft and military activities.

The quid pro quo for this continued backing is that the industry must tighten its belt. Each of the three main companies must concentrate their research efforts on a specific area instead of duplicating them. They must adapt themselves to a 25 per cent. drop in Government development and "re-jigging" expenditure. They must push for further development of the European co-operative groups—like Airbus Industrie and Euromissile—that have already been established. They must come up with proposals for more co-operation with the U.S. aerospace industry. On the last of these points Herr Gruener mentions specifically that Boeing has shown interest in selling the VFW 614 for VFW-Fokker in the U.S.

If the Cabinet accepts the Gruener recommendations it will mean, according to the report, that the Government will pay out an average of DM340m. a year for civil aircraft construction, DM550m. a year for space projects, and DM4.9m. a year for weaponry produced by the aerospace industry, between now and the end of 1979.

Michael Donne writes: The West German suggestion that the U.K. should go back into the European Airbus venture at Government level is in line with the vews of Hawker Siddeley Aviation (which has invested its own money in the Airbus) and Rolls-Royce (which sees in a renewed Government stake a stronger chance of getting its RB-211 engines used in the Airbus).

It is also in line with the recent EEC proposals for a stronger European aerospace industry, which suggested that the existing Airbus Industrie group (including Hawker Siddeley, Aerospatiale of France, Deutsche Airbus and Fokker of Holland and CASA of Spain) should be used as the nucleus for a bigger civil aircraft manufacturing capability for the future.

Ortoli is critical of Tindemans report

By Reginald Dale, Common Market Correspondent

BRUSSELS, Jan. 8.

M. FRANCOIS-Xavier Ortoli, president of the EEC Commission, to-day expressed serious reservations about the Tindeman report on European union, published here yesterday. While welcoming some aspects of the report, drawn up by Mr. Leo Tindemans, the Belgian Prime Minister, M. Ortoli was clearly perturbed by its suggestion that the stronger EEC countries should push ahead towards economic and monetary union, leaving the weaker members temporarily lagging behind.

At a New Year Press conference, M. Ortoli recalled that in its own report on European union the Commission had decided that common policies must apply equally to all member States if the Community's institutions were to function properly. This was the only way that the "political needs" of European union could be met and Europe's "identity" assured.

His remarks clearly reflected concern in the Commission that the kind of Community envisaged by Mr. Tindemans could lead to grave political difficulties. The fear is that countries such as Britain, Italy or Ireland, which lagged behind the others, might soon start losing their political as well as their economic weight in the Community.

M. Ortoli accepted to-day that some countries might apply slightly different policies in special circumstances as they do now. What the Commission cannot accept is any suggestion that the members could be divided into two separate groups as a matter of principle.

The Commission is also clearly worried by Mr. Tindemans' proposal that the European Parliament be formally given the right of initiative in Community policy-making—hitherto one of the main preserves of the Commission.

PREMIER QUITS

By Fay Gjester

OSLO, Jan. 8.

MR. TRYGVE BRATTELI, the Norwegian Prime Minister, will submit the resignation of his Cabinet to King Olav at to-morrow's Privy Council meeting and advise the King to call on Mr. Oddvar Nordli, Labour's Parliamentary leader, to form the next Government, the Premier told the Storting (Parliament) to-day.

Jobless total rises to 1.22m.

BY ADRIAN DICKS

BONN, Jan. 8.

UNEMPLOYMENT in West Germany, responding largely to what the Federal Labour Office called normal seasonal factors, rose by 109,000 last month to reach a total of 1.22m. In percentage terms, the unemployment rate moved up four points from 4.9 to 5.3 per cent.—slightly higher than it was a year ago.

At the same time, 58,800 more workers were put on to short-time working, raising the total to 748,000, while the number of openings declined by 14,800 to 168,000.

Although these figures are hardly encouraging to the Government's hopes that the corner has been turned, the experts of the Federal Labour Office in Nuremberg were at pains to-day to stress, that virtually all the increase was due to normal seasonal factors.

In another development to-day, the economics ministry issued new figures showing a further modest rise in orders during November. The overall index went up by three points from 139 to 142 (on a base of 1970=100) with stronger domestic demand once again providing the major impetus. Domestically-placed industrial orders rose by five points from 126 to 131, while export orders—which had staged a dramatic recovery between July and September—actually showed a slight overall decline from 182 to 180 on the index. Within this figure, the consumer products industries showed a markedly stronger export performance than those turning out capital goods.

'Joint research needed'

BY OUR OWN CORRESPONDENT

BONN, Jan. 8.

WEST GERMANY does not feel it can develop a commercial high-temperature, gas-cooled, nuclear reactor by itself, and is interested in co-operating with the U.S. to share the costs in this field. This was made clear by Dr. Hans Matthoefer, the West German Minister of Research and Technology, at a lunch given here to-day by the American Businessmen's Club.

He said that talks on this subject were taking place "continuously." West Germany would complete the 300 megawatt "pebble-bed" demonstration reactor that it is building at Schmehausen, while the U.S. would go ahead with its 330 MW prismatic fuel reactor at Fort St. Vrain. When both were producing power the two governments could draw conclusions as to how high-temperature nuclear energy could be developed further.

Dr. Matthoefer suggested that he was sceptical about the development of the "pebble-bed" type of reactor above the 300 MW power level because of difficulties associated with the control of a reactor.

The market for such reactors had, however, almost vanished with the "evaporation" of the high-temperature reactor contracts of General Atomic, the U.S. joint venture of Shell and Gulf Oil. This development had jeopardised high-temperature reactor development in the U.S.

Madrid strikers defiant as labour unrest spreads

BY ROGER MATTHEWS

MADRID, Jan. 8.

MADRID'S 4,000 underground railway workers voted overwhelmingly this afternoon, to continue their three-day old pay strike and sent a telegram to the Chief of the Army General Staff asking that troops should be withdrawn from the Metro. Troops began operating a second Metro line this morning and hope to have a third in operation by late this evening.

Following yesterday's clashes between riot police and workers from factories in the southern area of Madrid, one industrial suburb was virtually at a standstill to-day. At least 30,000 workers are either on strike or locked out. Construction workers are also planning to join in, and there have been signs of growing labour unrest in other parts of the country.

This challenge to the first Government of King Juan Carlos has its origins in the difficult economic situation, but has now developed strong political undertones as workers link their pay demands to democratic liberties, especially the right to form free trade unions.

What had been expected two months ago to be a hot autumn on the labour front was effectively postponed by the long illness of General Franco, and only now is the regime facing the full effect of a high inflation rate matched to the officially-imposed ceiling on wage rises.

The Metro workers have been meeting since early this morning at a church in the south of Madrid, accompanied by the auxiliary Bishop of the city. Nearby 1,000 workers from factories in the area are occupying another church, surrounded by large forces of riot police.

Some of the biggest factories in Madrid, including Standard Electric, the ITT subsidiary, Chrysler, Kelvinator, Siemens, Boetticher, John Deere, and the aircraft manufacturer CASA, are also hit by stoppages which began before Christmas as new pay negotiations became bogged down.

Kelvinator has reacted by locking its workers out until next Monday, and other managements are expected to adopt a similar stance. Ensidesa, the key steel company, was hit by a strike of nearly 7,000 workers this morning in Oveido and a shipbuilding company has locked out 600 of its men in Valencia for three days.

In the south of Spain, where agricultural unemployment is particularly severe, several farm workers and police were injured during a clash yesterday, and others were ejected from a church they had been occupying.

As the Government seeks to grapple with mounting labour problems, it is also coming under fire from entrenched members of the regime over statements made by Cabinet Ministers about the future political direction of the country.

The largest political association, UDPE, formed under the auspices of the Prime Minister's earlier timid attempts at liberalisation, warned to-day that the constitution could not be modified without the agreement of the legally-established bodies, who alone represented the Spanish people.

Leone sta… all-party consultati…

By Dominick J. Coyle

ROME, J…

A SERIES of party … meetings here this we… starting to-morrow … with the Communists an… in the day the Christian… crats, is the first step… search for a solution… political crisis sparked by… resignation last night… coalition government … Aldo Moro.

These meetings are … tial preliminary to the … consultations which P… Giovanni Leone is expe… open with party leade… week in the search for a … compromise short of … forward the general … scheduled for the spring … year.

There is already a c… sensus in Italian politica… that the only alternative… elections is a new rappro… between the Christian … crats, who have form… nucleus of each of the … ments here since the … World War, and the … Party, whose withdrawa… port from the Moro ad… tion has produced dire… present crisis.

Any such rapprochem… the Socialists seems c… actually bring the part… new government, as … merely extended exter… port as was the case … Moro Government. The … have hinted that they … opposed to such a deve… but at a price.

The party would al… tainly demand one or … ministries (such as … affairs, interior, fin… defence), as well as o… significant portfolios. … Socialists would wan… changes in the recen… lished medium-term … recovery programme w… visaged central go… investment over the … years of close on £30b…

But a much more cru… is the Socialists' demand … Communist Party (PCI… also make a "contribu… any new government.

Lisbon promise to cut prices

BY PAUL ELLMAN

LISBON, Jan. 8.

THE Portuguese Government, faced with rising discontent over soaring food prices, to-day promised it would take steps to bring down the cost of living. Following an all-night meeting, the cabinet said it would intervene to control the prices of certain foodstuffs while at the same time bringing in a system of earnings-indexation to compensate for general increases.

The announcement came against the background of the threat of a fresh political onslaught from the left over austerity measures—including a wage freeze and severe increases in taxes—which the Government has introduced during recent weeks in a bid to meet the rapidly deteriorating position of the Portuguese economy.

The Prime Minister, Admiral Pinheiro de Azevedo, and his ministers have also been given a strong hint from the military leadership that it is concerned at the prospect of a further rash of left-wing unrest less than two months after the crushing of the November 25 rebellion.

Although government intentions were given in the statement, few details of how they will work in practice were given and the bulk of the document was devoted to explaining that the present situation was the outcome of the economic crisis which the Government inherited. The pledge to bring down food prices was greeted with considerable scepticism by many observers here who pointed to the fact that the present shortages were in many cases the result of price controls which had discouraged Portuguese farmers from producing sufficient quantities of food.

At the same time, observers were puzzled by another government promise, to import food where necessary, in view of its announcement only two days ago that foreign exchange reserves currently totalled about the equivalent of the country's monthly bill for all imports

Polish protests may win State concessi…

BY PAUL LENDVAI

VIENNA, Ja…

FACED WITH vigorous protests by Polish intellectuals; scholars and artists against proposed changes in the 1952 Constitution, Mr. Henryk Jablonski, Head of State and member of the Communist Party Politburo, announced yesterday that the Constitution will preserve its "political and moral values."

He was addressing the first meeting of the Commission which was set up last month to draft the constitutional amendments.

Meanwhile the full text of a protest letter signed by 59 outstanding intellectuals and submitted in mid-December to the speaker of Sejm, the Parliament, has become available here. The letter was signed by Professor Edward Lipinski, the grand old man of Polish economics, Mr. Antoni Slonimksi, widely regarded as the greatest living Polish poet, the philosopher Leszek Kolakowski, Krzysztof Pomian, well-known writer and Catholic priest, essayists, lawyers and artists.

It warned that the projected constitutional confirmation of the leading role of the Communist Party would give a political party the role of an organ of the State, neither responsible to the people, nor controlled by them. Such a provision would be incompatible with basic freedom. Worse still, it would rupture the continuity of national traditions and pose a threat to the existence of the nation, the open leter said.

The 59 signatories also demanded: freedom of conscience and religion; access to all positions of importance for all persons, regardless of their religion, political views and party affiliation; freedom of labour, including the right to strike and to freely associate, for employees, since the trade unions are subordinated to Party bodies which in fact also exercise the State power. The abolition of preventive censorship and the possibility for cultural and religious organisatoins to set up publishing houses and periodicals, independent of the State, are also demanded, along with the freedom of science.

"There can be no freedom of science and teaching when the criteria for the selection of scientific personnel and research subjects are decided by the State authorities on the basis of political considerations," the letter stated.

The document was sent to Parliament with a covering letter from Prof. Lipinski who "certified the authenticity of the 59 signatures" and added that the Speaker will receive a similar petition signed by 300 university gradua… students. Significant … protest letter wa… addressed to the Co… Party leadership as su… copies were only sent … State Council, the Par… ary factions of the three … formally represented in … ment, and to the Secret… the Roman Catholic Pri… Poland.

In view of the … expressed both public … privately by respected … figures it is now … possible that the consti… amendments will rema… limited than or… planned, confirming … "Socialist character" … Polish State without … sanctioning the leading … the Communist Party … drafting commissio… expected to submit the … the proposed amendmen… month to Parliament.

MOSCOW'S UNRULY FRIENDS

The Communist schism

BY LESLIE COLITT IN BERLIN

WESTERNERS may be surprised, but a Communist from Eastern Europe noted wrily: "The Soviet Union got the Helsinki Conference from the West in 1975, but lost control over a decisive part of the Communist movement. It was indeed a year of supreme irony for Moscow."

Another easterner speaks openly of a new "schism" in world Communism, one as significant as the split between Moscow and Peking. What both are referring to is the new line-up emerging among the Communists of Europe.

On the one side is the Soviet Communist Party and its East European allies. For them, Moscow still is the centre of state Communism in Europe. To the west, a new Communist core is forming around the Italian and French Communist parties, which may have at least a share of power within their grasp by electoral means. Aligned with them you find the Spanish Communists, and for very different reasons the Yugoslav and Romanian parties. They do not agree on all issues, notably political pluralism but are united in opposition to the "organic unity of action" Moscow wants to restore between the two spheres of European Communism.

The Romanians are part of this group because they want to preserve their independence from Moscow: there is not the slightest suggestion of their letting up at home.

The ideological rift has come to a head in recent months, although differences have long been collecting. Tensions have been building since early 1973 when the Soviet Communist Party decided it was time to hold a conference of European Communist parties. Moscow was seeking to reassort the forced unanimity achieved at the Karlovy Vary Conference in 1967 while the independent-minded Communist parties were backing the idea of a conference for very much the opposite reason. They envisaged it as a forum to debate different forms of co-existing socialism, an approach they still insist on and one Moscow has resisted up to the present.

The summit conference, which was to have been held in East Berlin by mid-1975, has been steadily put off at each preparatory meeting in the East German capital. Here, the group of 28 Communist parties commissioned to draft a document acceptable to all parties found itself unable to agree, for example, whether the conference proceedings were to be made public or not. The issue became a basic one as the independent parties refused to continue the past tradition of closed and secret conferences with only a stilted document and a list of participants to mark the event.

In East Berlin, a stunned silence

The drafting commission and its smaller working group were ordered at a preliminary meeting of all would-be participants to draw up a final document whose form and content, however, soon became another source of dissension. Some of the independent Communists resisted any kind of final paper, saying the purpose of the conference was to discuss differences openly and, at the end, to hear speeches by the party delegation heads.

They agreed only to making a final statement of the most general nature from which all disputed issues were to be excluded. This left the Soviets with the prospect of a document that said virtually nothing about their role in the Communist movement in years to come. Moscow would have obtained only vague references to peace, co-operation and progress, such as had already been expressed in the Helsinki declaration on security and co-operation in Europe.

The subsequent Soviet attempts to get more into the document and the resistance put up by the western parties, the Yugoslavs and Romanians led to rancorous preparatory sessions. The Yugoslavs, who were absent from the 1967 conference, threatened to stay away again and were supported by the western parties.

Delegates had barely sat down in November to the preparatory session, in East Berlin when word reached them from Rome of a development that bore directly on the future relationship between Moscow and the independents.

In Rome, the Italian and French Communist parties had just issued a joint declaration stressing the role of their communist parties within a pluralist western society, as well as their obligation to respect parliamentary institutions. Equally provocative was what the Rome declaration did not say. No mention was made of any special international role for the Soviet Communist Party nor of its past services to the movement. Stunned silence in East Berlin greeted the news. The timing was a clear signal of intent by the two major western communist parties: they were calling on the Soviets to recant the hallowed principle that Communists once in power cannot tolerate opposition parties.

Although Moscow modified its first demands for a joint strategy that was to bind all attending Communist parties, the draft document submitted in November through the East German host delegation still refers to co-ordinated actions. The phrase "proletarian internationalism," which to the Yugoslavs and the western parties smacks of Prague in 1968, has been somewhat softened to read "internationalist solidarity and co-operation." These changes, however, were not enough to satisfy the western Communists, who want to eliminate anything that remotely smacks of Soviet hegemony from the final summing-up.

If this were not enough for Moscow to handle, other demands have been raised. It is understood here, for example, that the Spanish Communists insisted that the situation in Czechoslovakia be put on the agenda, and that Alexander Dubcek and other Czechoslovak reform Communists be given the right to present their views at the forum in East Berlin. That is more than anyone expects Moscow or … Germans to swallow.

Throughout the pre… stage, a steady barrage … paganda has been let lo… both sides of the E… Communist divide. T… Soviet ideological … Problems of Peace and S… published an article in … ber cautioning western C… ists against the dangers … contact with the masse… participating in parlia… government. The article … member of the Finnish p… was written just in time … confrontation at the pre… session in November.

Warnings igno… by western Communists

The author recalled tha… early postwar years a nu… Communists were remove… the government of wester… tries because "they we… able to organise suff… strong actions by the w… Western Communists sa… article as a Soviet-inspire… ing to the western parties … sacrifice the goal of rev… for temporary advantages … gained in coalitions with … parties. This and other w… like it from Vadim Za… deputy head of the Sovie… munist Party's intern… section, have been igno… western Communists.

Apart from the Italia… French Communists, wh… made public their position … preparatory talks, the Y… Communists have hardly … week pass without telling … prepared to listen that th… ference was doomed unle… Soviets abandoned their "… tern view" of other Com… parties.

Moscow seems at this … stage to have given up h… attaining the summit conf… before the 25th Soviet … munist Party congress is … in late February. "It's a t… for Brezhnev," reflects one … European whose party … questionably loyal to M… "But he should have know… cannot turn back the cloc… notes.

هكذا من الأصل

CAA plan to compensate victims of overbooking

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

OMPULSORY scheme for air-s to compensate any sengers who lose their flights ause of overbooking is pro-ed by the Civil Aviation hority. The plan is to be dis-ied with the U.K. airlines, a view to its introduction r this year.

irlines, in order to ensure has full loads, book more sengers than aircraft can l, relying on some to cancel re the flight.

hen they do not cancel, some sengers have to be turned y, despite having paid for d flights tickets.

he system was condemned last year in a House of ds judgment, in a case con-ing the former BOAC. It pointed out that overbook-was in breach of the Trade criptions Act, 1968.

at judgment resulted in dis-ions between the airlines the CAA, although the prob-has been recognised as a ous one for the world air sport industry for some , and has been studied by ous regulatory agencies.

the U.S., for example, the Aeronautics Board some ago introduced "denied-ding compensation," pay-if an off-loaded passenger t put on another flight due rrive at the same destina-within two hours of the nal time.

It amounts to 100 per cent. of the value of that part of the ticket for the journey concerned, with a minimum of $25 and a maximum of $200. This compensation is additional to the ticket itself, which remains valid for another journey.

The scheme applies to all U.S. domestic flights, and to all foreign airlines whose passengers either directly, or indirectly, confirm their bookings in the U.S.

Not condemned

The U.K. CAA study does not condemn overbooking, which it recognises as a method of beating the effects of "no-shows"—passengers who book a seat, but fail to turn up to claim and pay for it.

On British Airways' overseas division, for example, between April 1974 and March 1975, more than 1.2m. passengers booked but 172,939 did not turn up—13.5 per cent. In the same period, only 148 passengers were off-loaded—0.01 per cent. of the bookings.

"A prohibition of overbooking, in the absence of effective measures against 'no-shows,' would be likely to increase airline costs and hence fares for all passengers, 99.99 per cent. of whom are not affected by deliberate overbooking," says the CAA.

A ban, therefore, would be against the interests of most passengers. A penalty for "no-shows" would be difficult to enforce, as would any kind of premium charge to a passenger for a "guaranteed seat."

The CAA has concluded, therefore, like the U.S. CAB, that some kind of mandatory compensation scheme for the affected passengers is the best answer.

The amount of compensation and the rules will be worked out during the talks between the airlines and the CAA. The CAA will be discussing with the airlines the possibility of them preparing statistics of overbookings, and submitting them to the CAA for publication.

The idea behind this appears to be that the public would be kept informed on which airlines were the most frequent "overbookers"—and thus to be avoided.

The CAA says "it is clear that the statistics of offloading kept by the U.K. airlines are not satisfactory, and a requirement to submit these to the regulatory authorities for publication might have some effect in encouraging airlines to be more careful with their overbooking policies.

"It would be desirable for the statistics to be published in respect of both British and foreign airlines if they were to be published at all."

Thames Water Authority may raise charges by up to 38%

NANCIAL TIMES REPORTER

THAMES Water Authority xpected to raise its water es by an average of about r cent. for the year begin-on April 1, and its general es charge for sewerage and d services by about 38 per

ese increases are likely to be-tly below the average for all sh and Welsh water authori-n 1976-77.

he Thames Water Authority ts the recommendations of olicy and resources com-e at its budget meeting next the average householder area can expect to pay £6 more for water supply sewerage services next ial year.

figures were disclosed day by Mr. Timothy ley, chairman of the rity's finance sub-ittee.

vever, changes in water and age charges are subject to Commission approval and inal position may not be known before the middle of next month.

The prospect for ratepayers connected to the main sewerage system could remain uncertain for even longer, in view of the recent House of Lords decision abolishing the general service charge for unconnected properties.

The Government has ruled that the charges paid for these properties in the last two years should be refunded by water authorities in 1976-77 through the local authorities which collected them. But many areas of uncertainty will remain until the Bill which the Government intends to introduce in the next two-three weeks reaches the statute book.

The position of lock-up garages, advertisement hoardings and rated properties which have changed hands since the refundable charge was paid, are among matters which are still not clear.

The Thames Water Authority expects to refund about £11m. But because of the reduction in its 1976-77 tax base and the commitment to reimburse the administrative costs of local authorities as collection agents, the Authority will have to find in all an extra £20m. from ratepayers paying the general service charge next year.

If the House of Lords decision had gone the other way, the increase in general service charges in 1976-77 would have been about 17 per cent. and not 38 per cent.

In all, the Authority is budgeting for revenue expenditure of about £200m. next year, an increase of about 19 per cent. on this year but a standstill in real terms. Its provisional capital programme of £85m. is about 10 per cent. down on this year in real terms.

● To compensate for loss of revenue after the Law Lords decision abolishing sewerage rates for homes with private septic tanks, the borough council in Stafford will charge a £28 fee for emptying the tanks—a service previously free.

Rush to book foreign holidays puzzles travel trade

ARTHUR SANDLES

AIN'S tour operators are ning to puzzle over whether have a real boom on their . Much against the econ-facts of life there is a rush ok for summer holidays—whether the demand will ue or whether it is a tem-y surge remains problem-

ny major companies are ting record trade; but it is ole that the January rush been prompted by the rantees war" which tends vour customers who book and by last summer's age of holidays.

popularity of the better-o companies is an indica-of a consumer search for ity.

poll of tour operators by rade paper, Trade Gazette, that Thomson Holidays is claimed to have sold 40 per cent. of its 1976 capacity already, and Thomas Cook says it has sold 50 per cent.

3GM

The survey suggests that Greece is likely to enjoy a boom season, and other popular areas are the eastern European countries—especially Yugoslavia and Bulgaria. The Canary Islands are also highly rated.

It also reveals a big increase in long-haul holidays, particularly to North America, the Caribbean and East Africa.

There is also steady business on cruising, with no significant change over last year. However, ferry bookings have been delayed because of a lack of brochures.

Bookings from northern England and Scotland are unexpectedly heavy, but the Midlands show no increase.

Nearly 75 per cent. of agents interviewed confirmed that their overall bookings were upon last year and 70 per cent. said people were spending more.

Mr. Sidney Perez, a Thomas Cook director, believes that if current trends continue, 1976 will be a record year for holidays abroad. "It looks like being a good year for the package holiday business," he commented.

A Thomson Holidays official said: "There has been a tremendous upsurge in winter holiday bookings, and this trend seems to be continuing for the summer."

But a slump in bookings to Spain is predicted by Mr. Wilf Jones of Cosmos who said: "It appears that Spain's overbooking troubles last summer and the current political situation there is affecting bookings."

ALGO chief jects cuts

GOVERNMENT was yester-ccused of not honouring le of the social contract by eoffrey Drain, general sec-of the National and Local nment Officers' Association.

ting in the union's journal d that cuts in public spend-eant more unemployment, jobs for young people, and undermining of the whole of society.

ALGO and other unions ed a standstill or even a tion in members' living rds for the time being as s the social wage was main-. Now we are being asked ept a cut in this as well. ust not on," says Mr. Drain.

cond Nigeria rry plan

AFRICAN Ferry Service to start a new roll-on f container service between towe and Nigeria at the f the month.

announcement, which les completion of negotia-between the shipping line he Felixstowe Dock and ay Company, comes shortly the Wacro Line decided to a service from the Suffolk o Nigeria.

African Ferry Service to link Felixstowe and ou to take advantage of the ian oil boom.

MP keeps up pressure over Whitehall pay

BY JOHN HUNT

THE Government will be under new pressure when Parliament resumes next week to divulge more information on how civil service pay increases are calculated.

Mr. John Pardoe, Liberal economic spokesman, has put down a written question to Mr. Charles Morris, Minister of State for the civil service, seeking the full background to the workings of the civil service pay research unit.

He wants the Minister to list all the unit's reports over the past year and to make available copies of all—including those so far unpublished.

During Prime Minister's question time recently, Mr. Pardoe alleged that the unit was responsible for "the grotesque and indecent increases in Civil Service pay over the last few years."

He demanded unsuccessfully that the unit's reports should all be made available to MPs so that they could see "how it reaches its disgraceful conclusions."

In this month's edition of the Conservative Monthly News, official journal of the Conservative Party, published yesterday, Mr. Michael Latham (MP for Melton), says that many people are getting heartily sick of the growth of the Civil Service.

The constitution unit of the Cabinet Office, set up to deal with devolution, had meant an extra staff of 32, costing the taxpayer £264,000 a year.

"This has simply got to stop. We must have no more unnecessary legislation, no net increase in the Civil Service and—so far as possible—no replacement of those who retire or resign."

SNOW REPORTS

	Depth (cms.) L.	U.	State of Piste	Weather	°F
Andermatt	20	70	Poor	Fine	28
Lower south slopes icy					
Klosters	25	40	Good	Fine	37
South-facing slopes slushy					
Murren	20	50	Fair	Fine	39
Bare patches					
St. Anton	15	100	Good	Fine	36
Good ski-ing from upper lifts					
Verbier	8	60	Poor	Fine	37
More snow needed.					

The above reports are supplied by the Ski Club of Great Britain.

SWITZERLAND					
Adelboden	15	60	Good	Sunny	33
Grindelwald	10	60	Good	Sunny	30
Gstaad	10	50	Good	Sunny	29
Kandersteg	15	60	Good	Sunny	27
Leysin	5	50	Hard	Sunny	32
Zermatt	40	80	Good	Sunny	25
GERMANY					
Berchtesgaden	0	40	Fair	—	34
Garmisch	5	15	Poor	Sunny	27
Mittenwald	5	25	Fair	—	30
Oberammergau	6	20	Poor	—	27

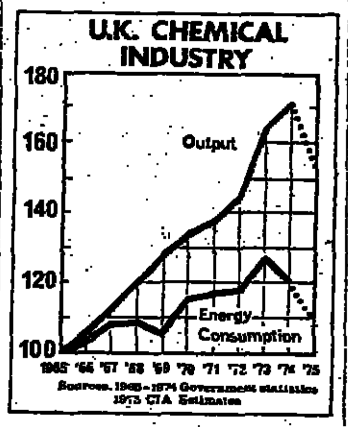
Chemical industry uses less energy

By Rhys David, Chemicals Correspondent

Britain's chemical industry reduced its energy consumption by 4 per cent. in 1974 while achieving a 5 per cent. rise in output, according to an analysis published yesterday by the Chemical Industries Association.

The industry, which buys energy worth more than £300m. a year, and generates another £60m. worth from its own waste heat, achieved the reduction largely through good housekeeping.

Output last year is estimated to have declined by 10 per



Sources: 1965-1974 Government statistics 1975 CIA Estimates

cent. and energy usage by 9 per cent., but this is also significant when set against the technical problems of achieving high energy efficiency when plants are running at well below capacity.

The industry's efforts at reducing energy costs date back before the sharp rise in prices over the past two years.

From 1965 to 1973 output grew at an average of more than 6 per cent. and energy consumption at only 3 per cent., as a result of new processes, process improvements, less energy-intensive products, improved engineering design of plant, and good housekeeping.

The industry generates about 40 per cent. of its power needs by using by-product fuels from chemical processes.

R-R car ouptut up 8%

Financial Times Reporter

ROLLS-ROYCE MOTORS last year increased its export earnings by 50 per cent., Mr. David Plaistow, group managing director, announced yesterday.

Mr. Plaistow announced: "It is expected that when all figures are available, 1975 will show exports of over £33m., which will be about 42 per cent. of turnover."

Turning to car production, he said: "For the first time in the 70 years' history of the Rolls-Royce motor car, output has exceeded 3,000 in any one year, an increase of 8 per cent. over 1974."

He went on to reveal that 59 per cent. of cars were exported last year, earning £22.4m. compared with the 1974 figure of £14.8m.

Fishing fleet reports £5.9m. loss

By Donald Maclean

DEEP-SEA trawlers working out of English ports ran at a loss of £5.9m. last year, the British Trawlers Federation said yesterday.

The figure is struck after taking into account £3.5m. received in assistance from the Government, and after allowing for depreciation, but without allowing for interest on capital employed. The federation calculates that if interest were charged at 5 per cent., the overall loss would be more than £10m.

The federation's figures, based on an investigation of 258 trawlers carried out by independent consultants, have been submitted to the Ministry of Agriculture, Fisheries and Food.

The loss comes after a "marginal profit" in 1974 and "reasonably good profits" in 1973. Factors working against profitability last year included the increase in oil prices.

At least 60 trawlers had been sold or scrapped in the past year, said the federation. Inflation had meant that it cost nearly £250,000 a year "to send a trawler to sea and operate it each day it was there," before taking account of depreciation and interest.

During last year, Britain's deep sea trawlers had "barely covered their operating costs, and made a mere £1 a day towards their heavy capital charges."

Mr. Austen Laing, director-general of the federation, is seeking a meeting with Mr. Fred Peart, Minister for Fisheries, to discuss the financial situation of the industry.

The federation believes that a further reduction in the deep-sea trawling fleet is "almost certain" without higher quayside prices or Government assistance.

Toy time

THE HARROGATE International Toy Fair opens to-morrow and continues next week.

● NEWS ANALYSIS—BAGGAGE

The case of the shrinking market

THE luggage bags market in the U.K. has been on the wane since the beginning of the decade. If anything, the deterioration has gathered pace, culminating in a 15 per cent. contraction in the market, in volume terms, in 1975 compared with a 10 per cent. decline in 1974. Indications are that the rate of shrinkage will accelerate to 20 per cent. in 1976.

To make matters worse subsidised importers from the EEC (principally Italy), Taiwan, China, Yugoslavia, Bulgaria, Poland and East Germany have been having a field day ever since the three-day week in early 1974 opened the floodgates to foreign competition when home producers could not cope with demand. As some guage of progress, it is estimated that the EEC manufacturers have increased their annual turnover from £600,000 to £5m. over the past five to six years.

What has made matters worse is that luggage has become something of a fashion item in recent years, the swing being towards "soft-sided" baggage as opposed to the traditional variety of moulded cases. The U.K. manufacturers have been slow to adapt to the new taste and even where they have tried to switch the main producers of the appropriate materials, vinyl and PVC, in the right colours have been based overseas.

Thus there has been a situation where the U.K. manufacturer have had to import the materials from abroad to make the right sort of baggage to re-export to the countries where the fabric is made. At the same time, the foreign manufacturers, with the benefit of cheap materials, have been penetrating the home market. Prestige luggage, made from real leather, has virtually disappeared.

It is therefore hardly surprising that the home producers, fighting over a smaller cake and trying to fend off competition, have been having a rough time. It is still less surprising that W. Wood, with its British Luggage Group subsidiary (incorporating such trade names as Revelation, Crown and Airport) and a mass of internal problems has asked Barclays Bank and National Westminster Bank to appoint a Receiver. It is hoped that a purchaser will emerge with sufficient resources to bale the company out.

W. Wood's problems date back some time. At the end of December 1973 it was announced that "substantial irregularities" in the historic accounting figures had been thrown up, at Revelation, and that "for the period of six years up to and including the year ending December 1972 there had been a cumulative overstatement of stock and work in progress valued at that factory."

Barrow Hepburn and Gale, the large publicly-owned leather and tanning company, which has a near-30 per cent. stake in the equity of Wood, has written off its investment in the company. Barrow Hepburn's representatives on the Wood Board, Mr. T. Caddick and Mr. G. R. Odey, resigned two years ago.

At this stage it is thought highly unlikely that anyone will step forward to pick up Wood as it stands with its high level of indebtedness; the last set of audited accounts, for the year ending 1973, showed secured loans amounting to over £2m. The figure has almost certainly not decreased since that date.

A far more likely outcome is that Wood will disappear altogether and that any interested parties will be more prepared to approach the Receiver to buy more attractive component parts. For the U.K. manufacturers to ignore the situation would surely allow the foreign competition to fill the gap left in the market by the disappearance of the good trade names mentioned earlier.

One of the major beneficiaries of Wood's demise would almost certainly be Antler, the subsidiary of Harris and Sheldon, which is reckoned the most successful baggage manufacturer in the U.K. Even though the U.K. market as a whole in 1976 is expected to diminish, it should still be possible for this company to increase its market share. As for the rest of the industry, the market is highly fragmented. It is broadly estimated that 50 per cent. of the industry is in the hands of private companies.

British Luggage itself was an amalgam of about 11 smaller companies under the W. Wood umbrella and it was hoped that this would present a strong force in the market, starting as it did with approximately 25 per cent. of the total market in turnover terms. The difficulties that Wood has subsequently encountered are not entirely due to market factors but to certain weaknesses in management. But to the foreign competition it all amounts to the same thing.

Mr. Harold Wilson, Prime Minister, with Sir Jamie Flanagan, Chief Constable of the RUC, and Mr. Merlyn Rees, Ulster Secretary, at No. 10, Downing Street, yesterday after a conference on security.

Sailing cruisers show revival but exports are still vital

BY STUART ALEXANDER

A REVIVAL of interest in boats costing between £6,000 and £12,000, with sailing cruisers taking the largest share, has followed the Chancellor's pre-Christmas lifting of credit restrictions.

But, as the Boat Show runs into its final three days at Earl's Court, it is export sales which are still most crucial to survival. The European market remains strong, particularly West Germany, and the number of overseas visitors is expected to be up 25 per cent. over last year when the show ends on Sunday night. Total attendance, however, could be slightly down.

There has been no across-the-board awakening in the home market and it has been selected, and often better-established, companies which have been able to breathe a sigh of relief as the long-awaited cash flow help from U.K. buyers returns to an industry which had been severely depressed by credit restrictions and a VAT rate of 25 per cent.

The power boat section continues in the doldrums, buyers still shying away from the high tax and high running costs of a week-end fairweather plaything.

Buyers of sailing cruisers tend to be more committed and Westerly Marine, which has a whole range of boats in what has turned out to be the most active section of the market, report a good increase in home orders and demand for demonstrations.

The luxury end of the market, too, has bottomed out and sales are returning to 1974 levels, though nearly all boats are for delivery overseas, even if the buyer is British.

Equipment and ancillary goods, which have sold well throughout the depression as owners maintained or improved their existing boats, have also enjoyed a successful show.

For the dinghy makers the New Year has been more depressing as this largely cash sales and price sensitive market continues to react to the April increase in VAT. Even the kit side, which has helped the larger cruiser market, has failed to provide the impetus which was first lost with the petrol increase and its impact on trailing costs, and then further hit by higher prices and VAT.

Finance houses have had to deal with a big increase in inquiries, including some for financing part-completed boats, but many people are shopping around for the best deal and to take advantage of a minor rate-cutting war. It is not yet clear how willing the public is to spend money, but as queries turn into firm demand, a better picture should emerge over the next month to six weeks.

Importers are not expecting a real upturn until next year as they struggle to keep their prices competitive while watching their competitors enjoy the benefits of a favourable exchange rate in the stronger export market.

While new projects have been cut back, there are signs of a possible switch from power cruisers to motor sailers. In the Mediterranean, there is already a change to the more sporty image of the sail boat, though at a much more expensive end of the market.

One or two companies are ready to introduce motor sailers in the 25 foot to 35 foot range in the U.K. The Fisher range from Fairways Marine continues to sell well and Moody is also confident.

● The opening of the 1977 Boat Show, which will also be held at Earl's Court, will be on January 5, a move which will please many exhibitors who complained about the New Year's Eve trade day and New Year's Day opening this year.

Suez Canal Authority officials meet London underwriters

FINANCIAL TIMES REPORTER

SOME MISCONCEPTIONS about insurance rates for ships using the Suez Canal were cleared up yesterday at meetings between a delegation from the Suez Canal Authority and leading hull and cargo underwriters from the London market.

The SCA delegation in London this week is led by Mr. Mashhour Ahmed Mashhour, the chairman, who met hull underwriters, headed by Mr. J. A. Oliver (Lloyd's), chairman of the Joint Hull Committee, and Mr. E. D. Rainbow, chairman of the Institute of London Underwriters.

It was emphasised by the London underwriters that there was now no surcharge for insurance against marine or war damage to hulls for ships using the Canal. But an additional premium may be paid at the option of shipowners to insure against ships being captured, seized or detained in the waterway for any reason, since this contingency is not covered under the London market's standard hull war risks clauses.

The current rate for hull war risks cover worldwide is 0.10 per cent. for 12 months, and the additional "trapping" premium for Suez Canal transit is 0.05 per cent. for up to seven days. Underwriters denied earlier reports this week that a single transit could cost up to £25,000 in extra insurance cover.

Even for one of the largest container ships, the cost would be only about £10,000 (less than a day's voyage costs) for war risks and the "trapping" premium.

Mr. Peter Green, of Lloyd's, told the Authority's delegation that, despite the safe and efficient operation of the Canal since it was reopened last June, until Egypt and Israel signed a peace treaty there must still be apprehension among underwriters of a sudden renewal of hostilities, and underwriters were obliged to give 14 days' notice of any change in insurance warranties.

Later the delegation met cargo underwriters, led by Mr. A. E. Mann, chairman of the Joint Cargo Committee.

Since November the voyage cargo war risk rate fixed in London has been 0.0375 per cent., a rate that applies worldwide except in certain sensitive areas, such as Angola and the Lebanon at present. Underwriters regard this rate as a very fair one.

An additional premium is required for Israel-bound cargo, which must be non-strategic, and Israeli flag vessels are still not permitted to use the Canal.

In the six months since the Canal was reopened, there have been 5,600 transits. Average total transit time is 24 hours, and ships are normally in the Canal for 12 hours.

More aluminium increases

ALCON (GB) the aluminium company, is to increase the price of rolled and extruded products by an average of 10 per cent. with effect on all dispatches from January 12.

The move, which comes after increases recently announced by two aluminium suppliers—Alcan and British Aluminium—was blamed by the company on higher raw material, fuel and wage costs.

It said that the increase would not fully meet higher costs.

The increases have been introduced against continued depressed demand for the industry's proucts, though there have been some signs in recent months that the process of destocking by customers has come to an end.

In the first 10 months of last year despatches of rolled products by the industry totalled only 151,000 tonnes against 196,000 tonnes for the same period in 1974—a drop of about 23 per cent.

BP Forties project beats gales

By Ray Dafter, Energy Correspondent

British Petroleum has defied appalling weather in the North Sea to commission its second Forties Field platform and ensure that production is up to schedule.

Production from the field is now running at 75,000 barrels a day and, if the programme continues to run according to plan, should reach 250,000 b/d by summer.

The field, developed at a cost of £745m., is due to reach peak production of 400,000 b/d—equivalent to about 25 per cent of U.K. consumption—by April-June next year.

BP said that the second platform had been brought into operation despite some of the worst weather ever experienced in the North Sea—winds up to 90 knots and waves up to 50 feet high.

Four wells have now been completed on the first platform and a fifth is being drilled. More than 1,000 men are working offshore on the Forties development.

A third platform has all its major deck modules installed, while piling operations are continuing on the fourth platform.

Restaurant is sold

MR. ALAN DA COSTA'S Empire Catering has bought the Caprice restaurant at Arlington House, Piccadilly. The previous owner was Heritage Inns, which acquired it when the original Caprice closed last year.

Mr. Da Costa will re-open the restaurant in the spring as "Richoux at the Caprice"—his fourth Richoux restaurant in London.

It is more than a year since Mr. Da Costa bought his company back from Grand Metropolitan Hotels for £2m.

FRENCH PLAN TO CUT MAIZE AREA

PARIS, Jan. 8.

French maize producers intend to cut the area sown to maize in 1976 by 12 per cent., from the 2,063,000 hectares in 1975, according to a survey by the Maize Trade Association.

The Association said deliveries in the 1975-76 season would be about 6.3m. tonnes (6.9m.), the same as predicted by the national cereals office in October.

Reuter

LABOUR NEWS

Communists lose seats on TGWU executive

BY LORELIES OLSLAGER, LABOUR STAFF

TWO COMMUNIST Party *members have lost their seats* on the executive of the Transport and General Workers' Union in recent elections of the policy-making body.

The political complexion of the new executive, which takes *office in March for two years*, is still not finally clear because the full impact of some regional trends still has to be assessed within the union.

In addition, a number of the union's trade groups still have to nominate their members of the executive between now and March.

The situation is so confused that union members are interpreting the election results in totally different ways.

Some *claim* that there has been a definite shift away from the far Left, such as the Communists, towards the majority bloc, just Left of centre of the Labour Party, which supports the policies of Mr. Jack Jones, the general secretary.

Others claim that the political complexion of the executive is virtually unchanged, with new people on the far Left emerging.

This would be possible, as several members of the present executive did not stand for re-election.

Leyland steward

The two Communists who lost their seats are Mr. E. McCluskey, in the Midlands, and Mr. Sidney Easton, in London. Mr. Brian Nicholson, a prominent London docker who, though a controversial Left-winger is not a Communist, retained his seat.

Mr. McCluskey was defeated by a key figure in British Leyland—Mr. Bill Roach, the senior shop steward at Leyland's Oxford body plant who has just been elected a member of Leyland's national car participation council.

Some union members thought one of the reasons for Mr. Easton's defeat might be non-political. He will be 65 this year and would have had to vacate his seat before his two-year-term was up.

Mr. Easton is succeeded by Mr. Jack Beston, a Firestone shop steward said to be in sympathy with the policies of Mr. Jack Jones.

A third sitting member of the executive, a member of the Labour party, was defeated in the North-east, but this is generally considered to be due to rivalries between various industrial groups rather than any political reasons.

A Labour Party member did gain one seat formerly held by a Communist Party member in the Midlands, Mr. Golding, who has become a full-time official.

Altogether, 26 seats on the executive allocated to the 11 TGWU regions, were involved in the elections. The remaining 13 seats are filled by the trade groups through nominations.

Leyland has £16m. worth of unfinished cars at Oxford

BY JOHN ELLIOTT, LABOUR EDITOR

BRITISH LEYLAND has made only a small improvement in the number of unfinished cars laid up at its main Oxford factory since Lord Ryder, chairman of the National Enterprise Board, and Leyland executives appealed to unions and management for a new approach in Birmingham a month ago to-day.

There are still 8,200 cars worth £16m. at showroom values stored uncompleted around the Oxford assembly plant compared with about 8,500 to 9,000 a month ago.

This is mainly because inspectors and testers at the plant are still not working normally although efforts to clear the backlog have also been *hit by the Christmas holiday*.

Although no official warning has yet been issued, Leyland management will soon have to decide whether to stop assembly work and lay men off till the backlog of unfinished vehicles—Marinas, Maxis and Princesses—has been reduced.

The inspectors and testers are involved in a series of job grading disputes and are operating overtime bans. These prevent problems which build up during working hours being cleared later. In addition, during normal hours, the men are also not working normally.

Leyland now hopes that talks *with national union officials soon* may help to solve the problem which involves 280 men and started three months ago towards the end of a year which had seen recurring grading problems at the plant.

Meanwhile, preparatory work for the first meeting of Leyland's new national car council, expected to take place over two days on January 22 and 23, are continuing.

After the election of the six shop stewards to the council, Leyland has released the names of eight others which show that *all Leyland's main car plants are* being represented on the council.

The Amalgamated Union of Engineering Workers has secured the maximum representation with six of its shop stewards being elected while the Transport and General Workers has four, the Association of Scientific, Technical and Managerial Staffs has two, and there is one each for the Boilermakers and APEX, the former clerical workers union.

Peter Cartwright writes: Proposals for worker participation in Leyland's special products division were agreed at a four-hour joint meeting at Grantham yesterday and will be completed later this month before being circulated for general discussion.

The division, which operates on 10 different sites and makes a variety of products from tanks to fork trucks, is the last of Leyland's *three divisions to draw* up participation proposals.

Hospital's doctors renew action

JUNIOR DOCTORS at Battle Hospital, Reading, which provides accident and emergency cover for the Reading area, have voted to reimpose industrial action *over their contracts from Monday*.

The doctors said that they would work a flexible 40-hour week, leaving the accident and emergency department without cover for two days a week. Casualties then would have to go to Slough or Oxford.

Other junior doctors in Berkshire are meeting to consider similar action although juniors' national industrial action is officially *suspended*.

Interpretation

A doctors' leader said that the Department of Health "is apparently re-interpreting the contract *again, despite us coming to an* agreement with them on interpretation," and accused it of trying to "wriggle out" of the deal.

"We feel the department has no wish to settle this dispute," he said.

Doctors in Blackburn—the last hospital in the militant North-West taking industrial action—decided yesterday to follow the national line of the British Medical Association and suspend *action*.

Dr. Wasily Sakalo, chairman of the North-West juniors and a national executive member, described the Reading decision as "irresponsible."

"It is not helping our case at all to take this action while talks with the department are still going on," he said.

The juniors have agreed on another meeting with department officials on Tuesday.

Transporter strike could hit Halewood production

BY OUR LABOUR STAFF

PRODUCTION of Ford Escorts and Capris at Halewood, Liverpool, could be hit early next week as a result of a strike by car transporter drivers employed by Ford's biggest delivery contractor, Silcock and Colling.

Similar problems may hit the Dagenham plant in Essex, which produces Cortinas and Granadas, later next week unless the strike over a pay and productivity offer is resolved at a conciliation *meeting on Tuesday*.

A company spokesman at Halewood said yesterday that the plant was running out of space to park the 850-900 cars coming off the lines every day. The position would be reviewed over *the week-end. "Things are looking a little bleak,"* he said.

Silcock and Colling delivers about 80 per cent. of the 1,600 or so cars produced daily at the two big Ford assembly plants. It also has contracts with British Leyland and other motor companies.

The drivers' shop stewards have been called to a national meeting in Coventry on Monday.

The strike involves nearly all the 850 Silcock and Colling employees at seven depots round the country, but hinges on complaints by about 150 transporter drivers that company demands for them to raise their average driving speed from 22 to 25 mph would mean a pay cut.

Progress at Press talks

By Our Labour Staff

THE AMALGAMATED Union of Engineering Workers yesterday rejoined Fleet Street talks between printing unions and national newspaper managers about modernisation plans that will involve substantial redundancies.

Two other print unions, the National Graphical Association (which will be particularly affected by the plans) and the process workers' union SLADE, did not attend the meeting yesterday after dropping out of talks last month.

The Newspaper Publishers' Association said that "appreciable progress" had been made in preparation for further discussions next week.

Unions at yesterday's meeting, *other than the AUEW, were the* National Society of Operative Printers, Graphical and Media Personnel, the Society of Graphical and Allied Trades, the National Union of Journalists and the Electrical and Plumbing Trades Union.

They were discussing joint guidelines for the introduction of new computer-based technology, including voluntary redundancies—the NPA has agreed that redundancies will *not be forced—pensions* and demarcation issues.

Engineering employers, unions in £6 talks

BY OUR LABOUR STAFF

EMPLOYERS and unions in the engineering industry met under the auspices of the Advisory, Conciliation and Arbitration Service yesterday to discuss their differences over interpretation of the £6 pay policy.

No details of the talks were disclosed and a further meeting is to be arranged.

The unions are challenging advice given by the Engineering Employers' Federation to its member companies on how rises in earnings from the present national agreement should be offset against the £6 limit in consequent local settlements.

The ACAS considers its involvement as a normal effort at conciliation in a dispute between unions and employers, and not in any way as involvement in interpreting the pay policy.

The TUC and the CBI, in effect, have agreed that their respective members can jointly appeal to ACAS for arbitration if they encounter difficulties in observing the pay policy. But the engineering industry's case is not considered to come under this heading.

● *The Iron and Steel Trades* Confederation plans to appeal to the TUC against the Government's interpretation of the pay policy which threatens to deprive several thousand of its members of between £4 and £5 they received *under a productivity deal*.

The Department of Employment has said that no money can be paid for productivity deal concluded after July 11, the date the Counter Inflation policy was introduced in a White Paper.

Survey shows more teachers unemployed

By Michael Dixon, Education Correspondent

THE NUMBER of teachers seeking work could be twice as great as the 3,911 officially registered as unemployed in September, according to a survey report released by the National Union of Teachers to-day.

The survey of 786 job-seeking teachers showed that 54 per cent. of them had not registered with the Professional and Executive Register. According to the union, they could not have been included in the Government's return.

If the actual number of qualified people seeking teaching jobs in English and Welsh schools were in line with the survey's indication of about 8,000, this would represent a "real unemployment" figure of about 1.6 per cent. *of the schoolteacher force*.

Closed shops opposed

BY OUR LABOUR STAFF

ALMOST HALF of trade unionists and a "sizeable majority" of the public oppose the Government's legislation to legalise closed shops, according to an opinion poll published in the Economist to-day.

The poll, by Market and Opinion Research International, also shows that most trade unionists agree with the view that unions are controlled by "a *few extremists and militants.*"

The poll comes at a time of renewed controversy over closed shops as the Government seeks to throw out Opposition amendments to the Trade Union and Labour Relations Act which widened the grounds on which individuals can claim exemption from joining a union.

There has also been a revival of interest in union election results which have recently suggested a shift away from Left *within the movement*.

Troubles ahead for patent law

BY A. H. HERMANN

PATENT LAW will become more *complicated, patent protection of* national markets more difficult, but opposition and revocation procedures should be rationalised when the European Patent Office in Munich comes to life. This may be next year. Such was *the overall impression from a* conference arranged in London yesterday by the European study conferences.

A panel of experts faced the difficult task of explaining to members of the Chartered Institute of Patent Agents the complicated relationship between the Common Market Patent Convention agreed in Luxembourg in December and the European Patent Convention agreed earlier in Munich.

Mr. Edward Armitage, Comptroller General of the British Patent Office said that as a result of the two Conventions, an applicant will have the choice of a national patent, a European patent which might be covering selective EEC and non-EEC states, and a Community patent, covering also all other EEC states.

It might be sensible to file a national application first and then a European patent application *on the basis of priorities from* the national applications.

The European patent would cover also the country of first filing for the national patent, but this could be allowed to die when the European patent was granted and was free of opposition.

The Community Patent Convention will have important economic effects, though licensing in principle will allow territorial restrictions, subject matter restrictions and exclusive licensing, as well as allowing actions against licensees who manufacture or market outside the territory covered by the licence. These possibilities will be greatly restricted by the *application of EEC rules of* competition.

Exhaustion

Perhaps the most important single provision is the extension of the principle of exhaustion of rights. In principle, if the product, which is put on the market by the patentee, or with his express consent, the patent rights will be exhausted and it will not be possible to partition the *Common Market into* national markets by means of parallel patents or licences.

This rule will apply to the Community and European patents and to national patents, owned by the same person or by persons having economic connections.

There is one exception—ther *will be no exhaustion of paten* rights when the product i marketed under a compulsor licence.

Should the question arise o granting a compulsory licenc on the grounds of insufficien *working of a patent the EE* would be treated as a singl area. The theory behind this i that the needs of any EEC stat can be met by manufacture i any other EEC state.

In contrast with the Europea *patent, which in fact will be* batch of national patent obtained by means of a singl application in Munich, the Con munity patent will be a singl patent covering all nine EE states; in principle it should b *giving uniform protection in a* states and be equally valid c invalid in all of them.

The Community patent will b maintained by a single annua renewal fee.

Uniform protection an validity of the Communit patent could be eliminated b the effect of a prior nationa

Other Home News on Page 25

patent in one country and woul be also affected by certai transitional provisions.

Infringements will be dete mined by national courts an actions will be possible in th country where the infringemen occurs or where the defendar has his residence.

The advantage of the cen tralisation of opposition an revocation procedures in th European Patent Office i Munich have been underlined b Dr. J. B. Van Benthem, presiden of the Netherlands Patent Office

He has also said that th Luxembourg Convention give an important role to the Euro pean Court on many legal issue arising in the course of infringe ment or provocation cases o actions.

The court hearing them wil have the possibility, and some times the duty, to ask for preliminary judgment from th European Court in Luxembourg

This will apply to the inte *pretation of rules of the EE* Treaty and of the Luxembour Convention on the Communit patent and to the interpretatio of certain clauses of the Munic Convention for the Europea patent insofar as these ar applicable to the Communit patent.

Tax ignorance hard to swallow, says QC

PROSECUTING counsel ended his opening speech in the £1.5m. lump tax case at the Old Bailey yesterday with a comment that the jury might find it hard to accept that Mr. Michael Holly, managing director of J. Murphy *and Sons, was ignorant of* tax evasion methods alleged to have been adopted by the company and some of its senior staff.

Mr. John Leonard QC, for the Inland Revenue, said: "It is difficult to swallow that Mr. Holly had no knowledge of what was going on. He cannot shelter behind the fact that he is a senior man in the company, when many other people were aware of what was happening."

Mr. Leonard claimed that the company, one of considerable size and worth "a lot of money," had also benefited from the alleged tax evasion and ought to pay for its actions if it was convicted.

In many cases there would b evidence that deductions of per cent. to 10 per cent. we made from the gross wages o lump workers before they g their money.

The jury might feel that som of these deductions had bee kept in effect by the compan or other subsidiary firms i volved, though the defendan contended that there was not ing to show definitely that th was so, as any possible "rak offs" could have gone to variou people without the companie knowledge.

Mr. Holly, together with eigh other defendants and two con *struction companies, J. Murph* and Sons and J. M. Piling, den conspiracy to defraud the Inlan Revenue of tax on wages c nearly £5m paid to lump worker between 1972-74.

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FINANCIAL TIMES REPORT

Friday January 9 1976

Thamesdown

Swindon, which makes up most of the new district of Thamesdown, has come a long way since the time when it was mainly a railway town. It has adapted successfully to change and is now an established industrial community.

Adapting to a changing pattern

THAMESDOWN, THE Wiltshire district council comprising Swindon, of which most people have heard, and Highworth, of which few people have heard, is in many aspects an example of how a predominantly industrial community has adapted successfully to change in the 30 years since World War II.

The roots of success of this 140,000-strong community lie that far back. For it was at the end of the Second World War that Swindon's leaders deliberately set upon a course to lessen the town's dependence for employment on the railway. Up to that point, it had always been a railway town. From the mid-19th-century, when Brunel's Great Western Railway had established its major workshops there, to the post-war high point when half the adult male workers were rail employees, Swindon meant railways; or for many at least changing trains.

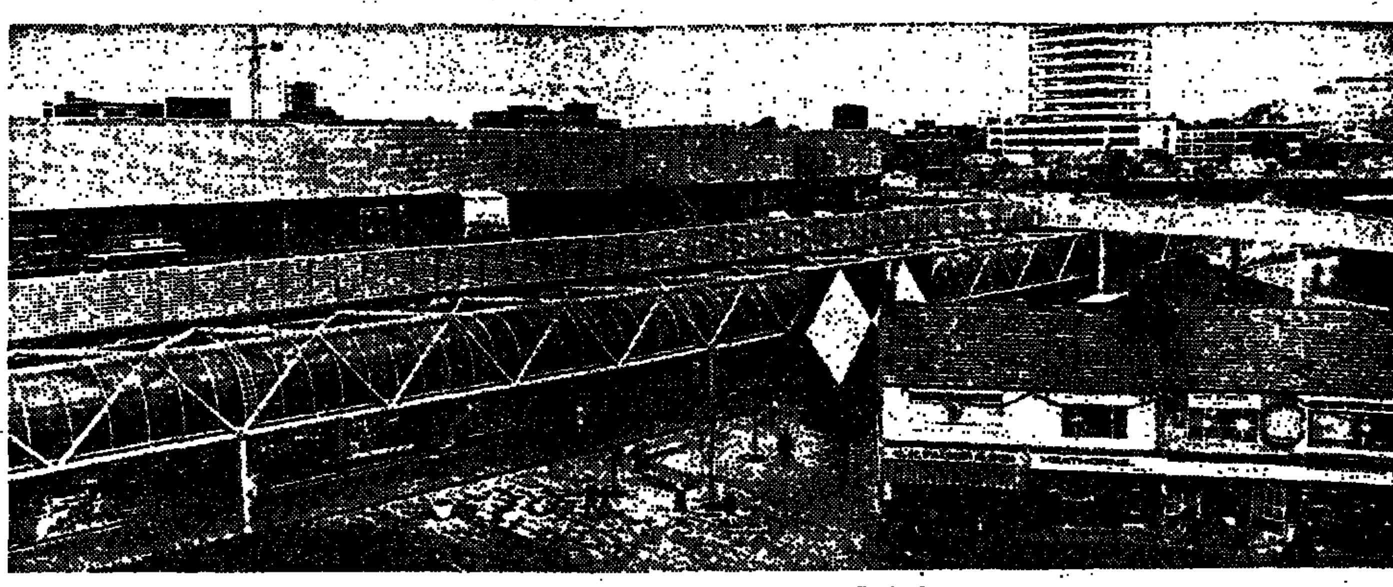
The opportunity to change the district's employment pattern came with the decision by Swindon to encourage industrial diversification, backed by the 1952 Town Development Act. It was this act which brought about industrial and population dispersal from the overcrowded conurbations to other communities capable of expansion.

Swindon's, now Thamesdown's success in implementing the act in concert with London, is indicated in the current statistics. For the latest available figures show that over 8,000 homes have been built for letting, and more than 100 firms attracted to the district by advantageous development of the district's industrial estates.

Only a handful of other towns, for example, Portsmouth, have shown the foresight which is enabling Thamesdown to weather the current financial storm. By diversification from railways to an industrial range which includes heavy engineering, electronics, electrical manufacture, servicing, cars, and a host of smaller enterprises, Thamesdown forestalled the worst effects of the Beeching rail cutbacks.

Until the latest economic crisis, first Swindon and now the district managed within limits to keep an admirable balance between industrial diversification, housing needs, expansion, and the inevitable rail run-down. Even now, though many enterprises are under pressure, the Swindon experiment may yet prove the key to curing the chronic imbalance so familiar in other parts of the country.

It is all, they will tell you, a matter of confidence. Even 15 years ago, the early publicity material promoting Swindon's advisory Industrial Centre concentrated on selling the town as an established industrial community rather than some plot of land on which one might build a few, speculative pilot factories. To-day, that confidence is still there.



The Brunel shopping centre at Swindon.

This Report was written by Roger Beard

Take the Town Development scheme itself. When first mooted, it was to be of advantage both to London and Swindon. The one needed to relieve its desperate housing shortage, the other to fulfil its gospel of controlled expansion and diversification. Now, the Greater London Council has realised that unemployment has come to London and that the purpose of the 1952 Act may have been largely superseded.

Under these circumstances the GLC has been forced to reappraise its "expanding towns" policy, with a view to retaining employment in the London area. Thamesdown, however, need not worry. Though economic circumstances may slow down the building programme for a further 8,000 homes, the GLC fully understands that Thamesdown has been singularly successful in attracting work for Londoners from elsewhere.

Even the British Rail Works, where the workforce has been naturally apprehensive about any future British Rail cutbacks, this Christmas received an unexpected bonus. Plans put forward last autumn for large overall cuts in expenditure were due to come into operation this month. The news that they have been deferred for further management-union discussion has come as a double relief for the district's rail workers. For not only would inevitable redundancies have struck the engineering works, they would have affected the Western Region drivers and guards who work out of Swindon.

Communications and location, together with aggressive local authority policy, are what have laid the foundations for Thamesdown's success. First, and continuingly, comes the railway. Secondly, and of increasing importance for the district, is the M4 motorway. Only two miles south of Swindon, this provides Thamesdown's diverse industries with easy access to the national motorway network.

The location speaks for itself. Under 80 miles from London, with some of the fastest trains on the British Rail network, Swindon is within easy reach of both the Midlands and the West.

To the plusses which have added up to successful diversification, must be added one other. Housing, both municipal and private, has led to other redevelopment: most prominently of the town centre. Here public buildings, office blocks, and retail complexes have been constructed to give Thamesdown a physical centre which has been designed to cater for most of its residents' needs.

Inevitably, there are some shadows crossing what has become regarded by planners, industrialists, and local authorities alike as a success of common-sense ambition over stagnating apathy.

Unemployment is one such shadow. *December's unemployment* figure shows that Swindon had an unemployment rate of 6.1 per cent., similar to that in the rest of the South-West, but 1 per cent. above the national average. In human terms, this is measured as more than 4,600 people without work, against an equivalent number this time last year of well under 2,000. Through no fault locally, the situation has had its effects on some of Thamesdown's more ambitious commercial projects.

Thamesdown, in common with many other towns, has—at Swindon—an ambitious retail shopping complex, the Brunel Centre. Well designed, and aiming to attract custom from a catchment area far larger than Thamesdown's 140,000 people the Brunel Centre was regarded as another milestone in the progress of Thamesdown's development.

However, an interim district council report recently completed, has distinctly dampened this early enthusiasm—at least for the time being. The report projects a possible loss of over £1m. on the Centre over the next decade, rather than an expected substantial profit. Built at a cost of £17m., the Centre has been prematurely dubbed by some as a "white elephant."

It would take a fortune-teller to see how the Brunel Centre will eventually work out tainly, it will take longe was once thought to achie forecast return. Neverth its problems—such as de ment disturbance and the up of trade—are faced by lar projects up and dow country.

Shopping

Shopping centres can o judged successful soma after completion, and at when the economic clim more conducive to people ing money. Thamesdown past has created successf jects, as a mark of the di optimistic confidence in When the "boom" retu Swindon, there is little re suppose that a shoppin plex as ambitious as Brun not play a significant p Thamesdown's prosperity

Swindon, now Thame can rightly claim to be the most successful of th war experiments in urbar lation decanting and inc expansion and diversif More than 30,000 Lon have moved there, to vironment very differen the one they left. Industr all over the country has Swindon's confidence. Fe doners have returned metropolis, and few inc regretted their move to T down.

How much more the can expand depends on r economics and priorities has been done in the p years is the transformati railway town which woul died, to a healthy com with sufficient muscle vive the hardest economic

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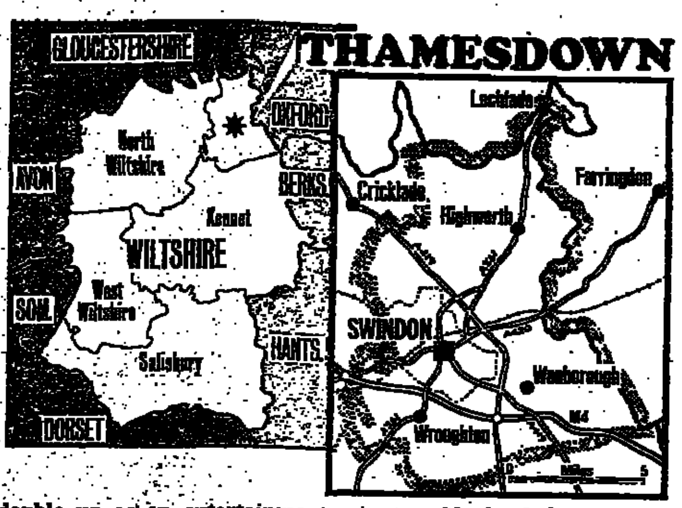
Wiltshire gets its pleasure-dome



:W YEAR'S DAY saw the :ning of Thamesdown's show-:ce leisure centre, the £3m. :sis Pleasure Dome, built and :rated by the council. Less :n a month earlier, the same :hority had turned down a :nning application from pri- :e developers for a parallel :ject in the Swindon area, :ting by coincidence the same :ount.

:That private industry saw fit : duplicate leisure facilities :eady available to Thames- :vn residents, perhaps reflects : keen interest shown in :amesdown in leisure pursuits : all kinds. In any event the :velopers may well appeal :inst the planning decision, :l in the meantime the Oasis :asure Dome remains the :st municipal addition to :amesdown's leisure facilities.

:First put forward as an idea : 1968, the Pleasure Dome :ks like a cross between a :ng saucer and a futuristic :hedral. In another environ- :nt such as Liverpool it would :eady have been renamed by : irreverent population. At :indon, it remains to be seen :v the people will take to the :portation of this essentially :erican concept.

:lazed

:utside holiday resorts, there :othing quite like it, and there :certainly no similar leisure :nplex in any other inland :n, let alone an industrial :. For leisure, rather than : sport, is what it concen- :es on. In a self-contained :a, it incorporates wide rang- : sporting activities with other :ures perhaps best described : an adult "adventure play- :und."

:nder a vast, glazed dome, :mesdown citizens are now : to relax beside a kidney- :ped pool, complete with a :e-making machine and genu- : banana trees, under amber- :ed windows, and forget the :bled Britain of 1976. It is, :t were, bringing the West :es to industrial Wiltshire.

:hatever opinion one holds : such a facility, there are :rs within the Oasis the value :hich there is no doubt. The :ge of active leisure and :ting pursuits include both :oor and outdoor activities, : the main sports hall can double up as an entertainment centre capable of accommodating 2,000 people.

Soccer, hockey, swimming, bowls, cycling, and even a conditioning room play their part in offering for a reasonable charge relaxation for both individual and group activities. It says much for the cohesion of Thamesdown as a community that they are able to develop this complex with facilities lacking in many communities of far larger population.

Pleasure Domes have changed greatly since the days of Kubla Khan, but much in and adjacent to Thamesdown has not. One of the most rewarding leisure amenities is the surrounding countryside available to the car-borne Swindonian within a matter of minutes. Much of this countryside is as ancient as the Oasis is modern.

Avebury, Silbury Hill, and the Ridgeway are all close by, already ancient when the ultra-neat Cotswold villages such as Chipping Camden were first laid out. In its own way, Swindon, also has not lost its early agrarian roots. Not all the people who visit the Oasis will be workers from Swindon's factories. Many will be the descendants of those farming communities who used the town well before the steam engine was ever invented.

Closer in, but pre-Pleasure Dome, is a range of entertainments which already provide Thamesdown with a wide variety of entertainment, from golf courses, through professional soccer, to speedway at the Abbey Stadium at Blunsdon. Swindon, curiously, is pre-eminent at speedway, attracting international stars to its team. To speedway, the spectator rage of the 1930s and late 40s, should be added greyhound racing, again at the same venue.

Participant sports at Thamesdown also reflect the mixture of town and country. Amateur soccer, rugby, and similar team games are well-supported, together with the more individual past-times of skittles and angling. Close by the upper reaches of the Thames, and within striking distance of the Avon, Thamesdowners can take in their fishing and the quietude of the rural countryside at one go.

Theatre

The Council has also been responsible for the establishment of a theatre, the Wyvern, where professional companies stage a wide variety of repertoires again not available to other, theatre-less towns.

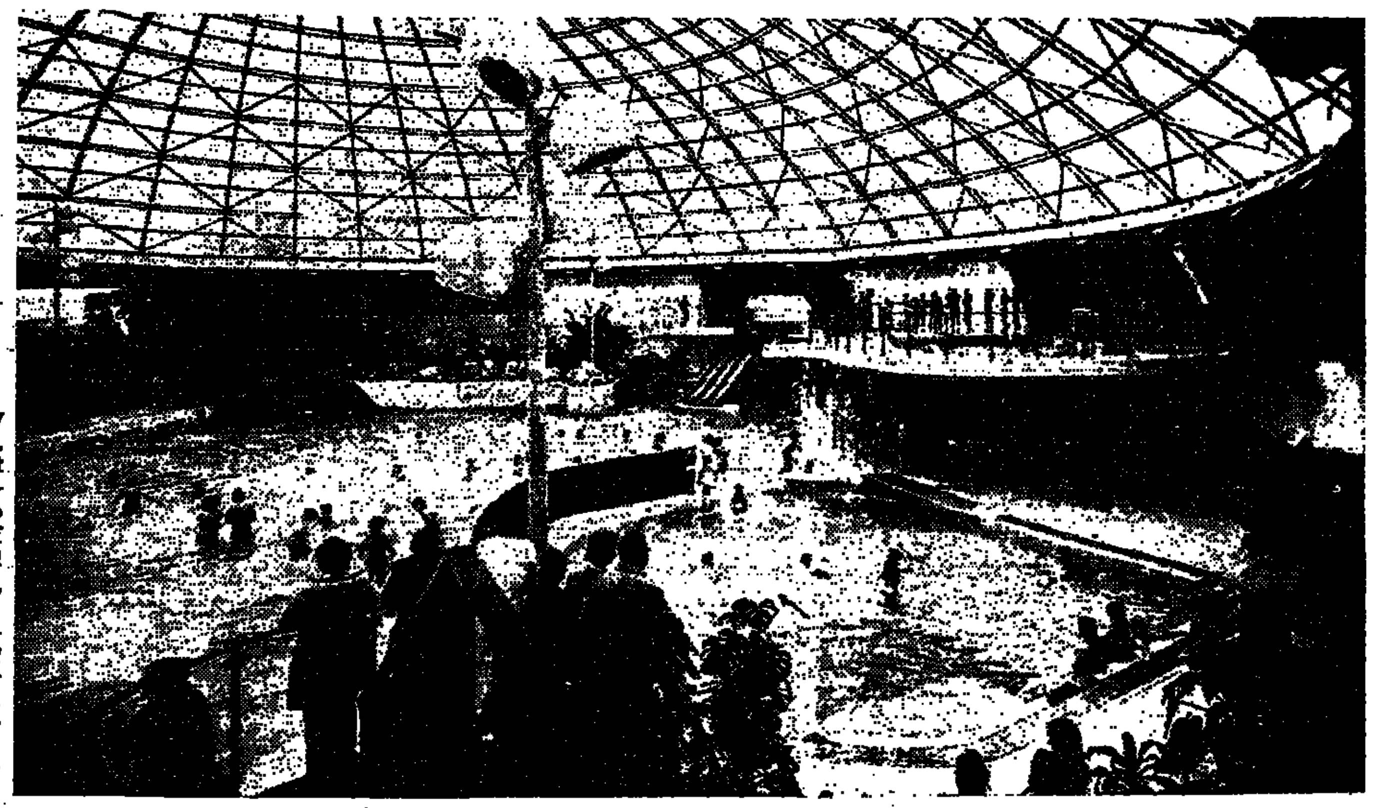
With the villages of four counties available, many people travel away from the centre of Thamesdown to seek their entertainment at the country restaurants and public houses which abound in the area. Some are quiet and discreet, while others continue the well-established West Country tradition of folk music, which has a large following in Swindon itself.

Travelling further afield, to Oxford, Bristol, or even to London, brings the population within easy reach of the highest standard of entertainment in the arts and other fields. London, by fast train, is only just over an hour away.

Thamesdown is a district of entertainment contrast. The local authority takes a great interest in providing the facilities for participant entertainment and the arts, and through the necessities of redevelopment most of these facilities are modern. On the other hand, Swindon's setting gives the Thamesdowner a chance to relax from his work by stepping back in time into the wilds of the Cotswolds.

There is a legend in Swindon, fitting for a town that owes its existence to the railway age. When Brunel's chief engineer was out lunching with his assistant in the late 1830s, they decided to throw a stone to see where the new railway station would be to join the recently completed two halves of the Great Western Railway. Where that stone fell, is where the British Rail Engineering works is now.

That is how modern Thamesdown started, and from the point of view of rural leisure the stonethrower could not have done the townspeople a greater favour. For the rest, the man-made entertainment which this year has culminated in the Oasis, Thamesdowners can look to themselves and to that optimistic foresight of their elected representatives which has given them both prosperity and somewhere to make use of it.



The Oasis Pleasure Dome which opened on January 1.

Maintaining an ambitious housing programme

THAMESDOWN OWES much of its growth, some would say all, to those early years when it co-operated with the then London County Council in providing that city's inadequately housed with work and housing.

Housing, then, plays an understandably large part in Thamesdown's thinking, both from the building of new property for the incomers and the renewal of the obsolete housing stocks left over from the heyday of the railways. As housing standards have improved nationally, so Thamesdown has endeavoured to keep in the forefront both of individual house design and community planning.

It is a process which has developed over the years, and one which continues with the current plans to remove the last of the district's sub-standard houses. It is notable for three reasons. First, the transformation of Swindon has met only with the slightest of opposition. Secondly, constant reappraisal of housing type and need has made it a planners' model. Thirdly, and perhaps most remarkably, 50 per cent. of the homes are owner-occupied.

To take the first point, few who remember old Swindon, with the old market town on the hill and the railway settlement in the valley below, would claim for it any title of outstanding beauty. In 1945, the population stood at 68,000, housed in a variety of properties from the substantial and historically interesting rail workers' village to other places which were as of low a standard as many of those from which the newcomers were eventually to come.

Comparable

To-day, that has nearly all gone. Though some might disagree, what has been worth preserving has been preserved, and what has not has been done away with. In its place is a town comparable with the best of the "new towns" and one which could well have been so designated along with Peterborough and Northampton, which do not appear to have done any better for all their "new town" status.

There are still one or two sticking points. In a town where half the homes are owner-occupied, there will inevitably be some private property standing in the way of ambitious development projects, and owners stubbornly refusing to let go the homes they have worked hard to buy.

Such local issues apart, Thamesdown's housing programme, much boosted by its link with the Greater London Council, has produced a housing range which incorporates ideas seen elsewhere in new towns of different generations. Some parts will remind the visitor of Harlow or the other early new towns, others of the most recent housing developments of new towns of the current, third generation.

For example, Thamesdown has made good use of the self-contained neighbourhood or urban village concept which runs throughout new town thinking from Harlow to Milton Keynes. They have also ensured, within their own building programme, that a sufficient number of houses have been built for sale and that the private sector is integrated with the public sector.

This third aspect of Thamesdown's housing pattern is reflected in property prices. Even to-day, a three-bedroomed detached house in a good residential area comes on the market at between £13,000 and £15,000, with two-bedroomed post-war houses priced at between £8,000 and £10,000.

This mixed housing pattern has long been local authority policy, and alongside the development of pleasant residential communities has been the growth of health and social facilities, necessary for a district large now and likely to get larger. Old Swindon claimed to have built more council houses than any other municipal borough in the country.

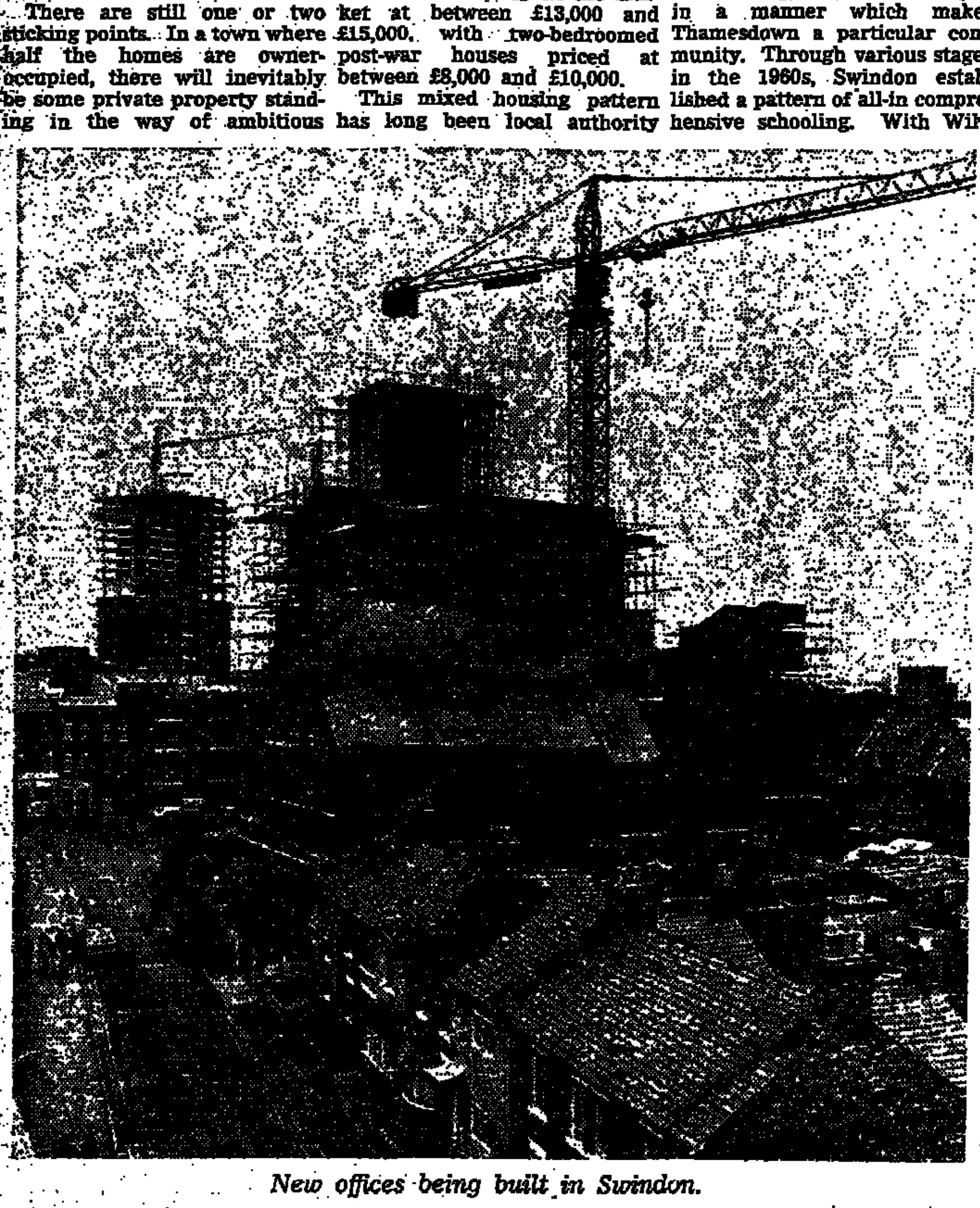
Claims

There are two other claims, both "firsts," indicative of the district's approach to social as well as industrial development. The Princess Margaret Hospital, Swindon, a multi million pound 800-bed project, was the first post-war hospital built in the country, when many other areas were having to make do with Crimean conditions. On another front, 1946 saw the opening of the country's first municipal arts centre. Though the second claim may well be contested, it does illustrate a long-standing commitment in Thamesdown not just to bring industry to the area but to ensure the district is a fit place in which to live.

Schooling, too, has developed in a manner which makes Thamesdown a particular community. Through various stages in the 1960s, Swindon established a pattern of all-in comprehensive schooling. With Wiltshire County Council as the education authority, this system of schools has been excellently supplemented with a large, modern further education college, which caters for both industrial and commercial needs, and is able to satisfy the employers' demands for knowledgeable workers.

Since half the housing is under municipal control in Swindon, local issues such as council rents, how much they should be, what one should do about defaulters, and where development should take place, feature prominently in Swindon's affairs. So, too, does the matter of how much the local ratepayers should contribute to current development and civic projects.

The arguments will go on, whatever the issue. Unarguable, though, is the stability of the social framework built up in Thamesdown round which incoming and established industry functions. The financial cost may have been great, as are the costs of administering the system. The rewards show in an eager work force, less disruptive than elsewhere, and able to play their full part in Thamesdown's economic future.

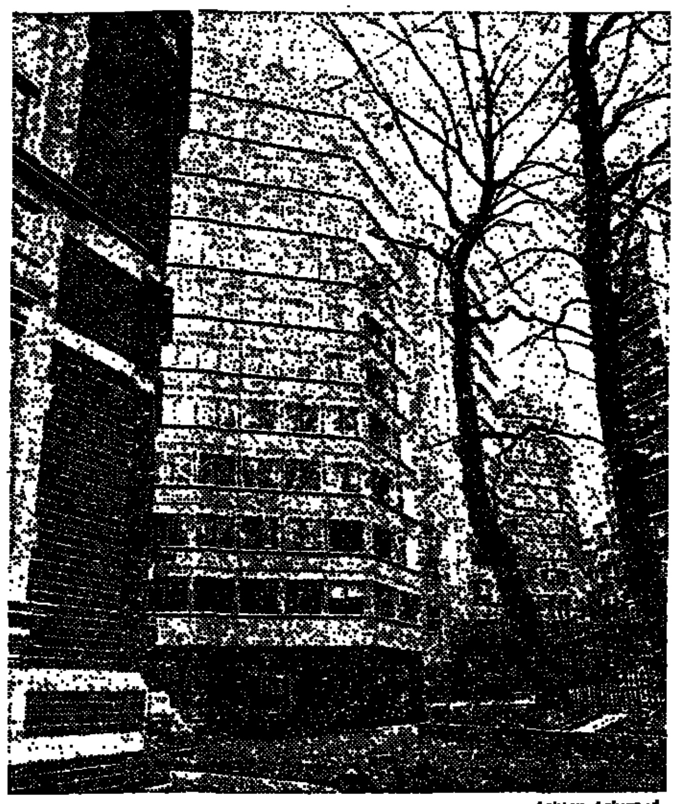


New offices being built in Swindon.

The Property Market

BY QUENTIN GUIRDHAM

Mobil's search for Clements Inn



Ashley Ashwood

While the rent Mobil Oil has agreed on 90,000 square feet of Clements Inn is £3 a foot short of even the lower measurements of the Strand Wing of Arundel Great Court taken by Chemical Bank, the London Life Association has done a fair deal. As the picture on the right shows, there were plenty of problems in fitting a building to the site (apart from construction problems of keeping the noise down for the benefit of those in the Law Courts next door).

Also, the developers wanted a building which was easily divisible, either into the three tower units, or even to floor-by-floor in each tower. Apart from what are reckoned to be very good services, it is quite an achievement that, let to one tenant, the space utilisation comes out so well on a site which appears to invite many Centre Point-style small floor headaches.

It is the first direct development in central London by the mutual life company—it had owned the site for 40 years—and even allowing for perhaps doubling the projected £3m. cost when the scheme started the policyholders have done well. Property holdings were in the Association's books last time at £60m. and surveyor Derek Brightwell has also had recent developments in Birmingham, Norwich, Exeter and Wolverhampton, plus industrial estates at Harrow, Reading and the big Eurolink estate at Sittingbourne, Kent in conjunction with Associated Portland Cement. On that 100-acre site, Brightwell reports that about two-thirds of the 250,000 sq. ft. built so far is let.

Jones Lang Wootton and Donaldsons acted for London Life at Clement's Inn. The initial asking rent in the first half of last year was £995,000, but that soon became unlikely. Equally unlikely, in a sense, was the appearance of a covenant as good as Mobil's, and also a corporate policy among the oilmen of owning some of the equity in their premises.

On the other side, George Glover of Debenham Tewson and Chinnocks had been working on getting Mobil suitable space for several years past (initially the plan was for a purpose-built block by English Property on the Pontings site). In his search for other suitable buildings he formed the impression, as others have, that the Property Services Agency was following him around. Perhaps it wasn't completely uninterested in Clement's Inn as well.

Certainly for the best quality building of this sort of size there is what might seem surprising *competition*. Mobil, who may be sub-leasing at least some of the space, thinks it has an inflation hedge in buying a half share of the equity for around £6m. With the rent at about £850,000 a year (£9.30 per sq. ft. to the Debenham's measurements) the yield looks good for London Life at under 7 per cent.

Clement's Inn was one of the buildings agents De Groot Collis included in an estimate of 1.5m. sq. ft. available in Holborn (defined as between Holborn Viaduct, Tottenham Court Road, Fleet Street and Euston Road) in a report issued this week. Of this figure they reckon half is in the 50,000 sq. ft. plus range. The really slow part of the market they feel is the 5,000 sq. ft. to 20,000 sq. ft. bracket.

De Groot Collis's view is that the area has, from the landlord's view, done well in comparison with the City, and that rents agreed are now steady after the drop. Their estimates are that new air conditioned offices fall in the £8-£9.50 per sq. ft. range, with modern centrally-heated buildings getting up to £7.50, though also down to £5.75, and renovations falling betwene £5.50 and £6.50.

The asking rents on Capital and Counties' remaining wings of Arundel Great Court are still quoted as £1.2m. for the 113,000 sq. ft. of the Arundel wing and £1.3m. for the 125,000 sq. ft. of the Surrey wing.

Spelling out CGT

A circular on property shares from brokers Le Mare, Martin suggests that after recent political "interference," it could "prove opportune for leading companies to include the contingent tax liability inherent on disposal in their balance sheets especially as so many of the leading companies are selling 'investment' holdings."

Le Mare, Martin's idea is that this could counter the argument that property companies do not pay enough tax and that it would also allow a more realistic assessment of takeover values. With virtually everyone having sold investment as well as dealing properties lately this is a fair point to aid valuation. This is in line with the Institute of Chartered Accountants' thinking.

Ideally it should be something as bald as the Corn Exchange (admittedly it has only one building) spelling out the precise sum on present valuation. Others, including Capital and Counties, do include the CGT liability, though not so specifically, in their balance sheets. In some cases spelling out the full liability might only show how very hard it could be, even now, to make takeovers below the real asset value.

A sort of Stock profit

During the boom period of 1972 and 1973 Stock Conversion was in the thick of the controversy over redevelopment in central London with the interminable discussions over Piccadilly Circus and the shorter, but intense, row over Tolmers' Square. But unlike several other companies the group has avoided the problem of having large undeveloped sites, where there is no immediate hope of securing an adequate return by withdrawing from both projects. As this week's interim figures show, Stock Conversion has been able to emerge from both situations with a capital surplus.

Its leasehold interest in its part of the Piccadilly Scheme was sold to Electricity Supply Nominees, the freeholder, which will modernise the existing buildings. By selling, the group has eliminated a substantial shortfall in revenue which would have occurred from last April onwards *when the rent was due to be increased* from a peppercorn to the full head rent. At Tolmers' Square, the planning impasse and likely long delay before any scheme would be finished led Stock Conversion to sell to Camden Council.

The impact of both these sales is reflected in the presence of trading profits of £518,000 in a pre-tax total up from £870,000 to £2.19m. for the six months to the end of September, while below the line there is an extraordinary profit of £249,000. *Before the Camden Council offices* are stoned, it should be made clear that Stock Conversion has only been able to obtain a profit on the Square, as on the Circus, because it has previously written off the interest cost of holding these schemes against profit and loss account: so the cost figure in the balance sheet has not been inflated by aggregated interest.

The same point applies to the remaining developments and Stock Conversion is one of the relatively few companies which can report a healthy profit without capitalising interest on developments. While there are divided views on this subject, an increasing number of groups, such as MEPC, are now only capitalising interest on schemes actually under way and are writing-off interest on sites against current revenue.

OUT AND ABOUT

● Samuel Properties has let more than 40 per cent., making up 4,924 square metres, of its development at Ulmenstrasse, Frankfurt. Tenants are Chemical Bank New York Trust, Security Pacific National Bank and Merrill, Lynch, Pierce; Fenner and Smith. The three U.S. companies will together pay more than DM1.7m. per year.

● The first of C. H. Beazer's German developments, a 1,600 square metre office in Frankfurt's banking area, has been let. It was thought by some that the Deutsche Bank, which is nearby, might take the building, but it turns out to be the Deutsch-Skandinavische Bank which has taken the building at Alte Rothofstrasse 8, Franfurt am Main.

It seems that the asking rent, which was more than DM30 a square metre a month has been achieved. The letting was negotiated by Jones, Lang, Wootton.

● City of London Real Property, the Land Securities' subsidiary, has sold the freehold of 5/8 Birchin Lane and 2/6 Cowpers Court in London, E.C.3, to the Friends' Provident Life Office. There is 23,000 square feet of which 9,500 square feet is let and Friends' Provident will be using the remaining space itself. Offers over £3m. were being sought last year. Richard Ellis acted for CLRP, Hillier Parker *May & Rowden for Friends'* Provident.

● Artagen Properties has another big letting, this time on the commercial side, with the Department of the Environment taking 77,000 square feet of offices at Apsley House, Wellington Road North, Stockport. The rent equates to £2.35 on a 25-year lease. Letting agents were Wrather and Co., of Manchester, in conjunction with Edwards Son and Bigwood, of Birmingham.

● Commerce moves deeper into tasteful Canonbury, and at a fair price: architects Trehearne and Norman Preston Partners, of Kingsway, London, W.C.2, are moving to Northampton Lodge, Canonbury Square, in N.1, a good Georgian building which has been modernised under the direction of Canonbury resident Sir Basil Spence. The usable floor *space* is around 4,400 square feet and the letting by Jones Lang Wootton is at close to the £28,000-a-year asking price.

● Republican National Bank of New York has sold its lease, expiring 1969 with a review in 1980, on 19/21 Davies Street, London W.1 to the United Bank of Kuwait. This is a typical Mayfair banking parlour, with a 36 feet frontage and ground floor space of 1,700 square feet. The rent is low but the speed with which the lease changed hands at something approaching an asking price of £100,000 suggests the health of this specialised market. Michael Laurie and Partners acted for the Americans, Healey and Baker for the Kuwaitis.

● Just over £¼m. has been paid for a 90-year lease on the new Pipps Hill Industrial Estate, Basildon by institutional clients of Ratcliffes. There are 50,000 square feet on the 2¼ acre site let to a Carreras-Rothman subsidiary for £65,000 a year. After deduction of ground rent the yield is a bit more than 10.25 per cent. Vendors were represented by Messrs. Quirk and Partners.

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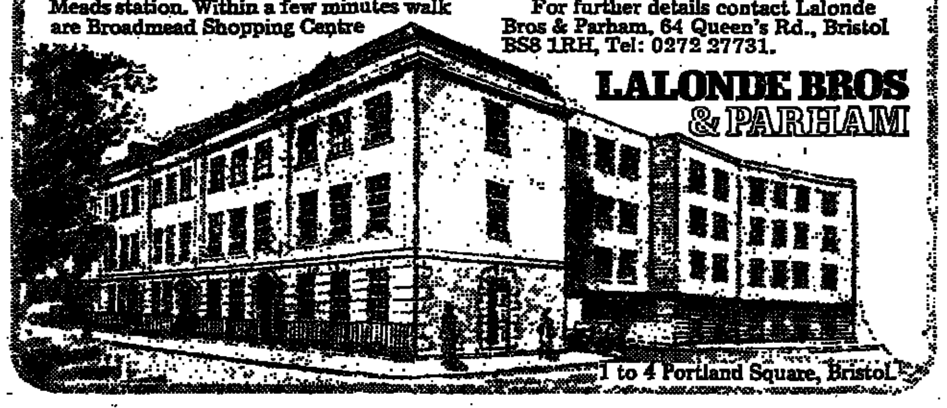

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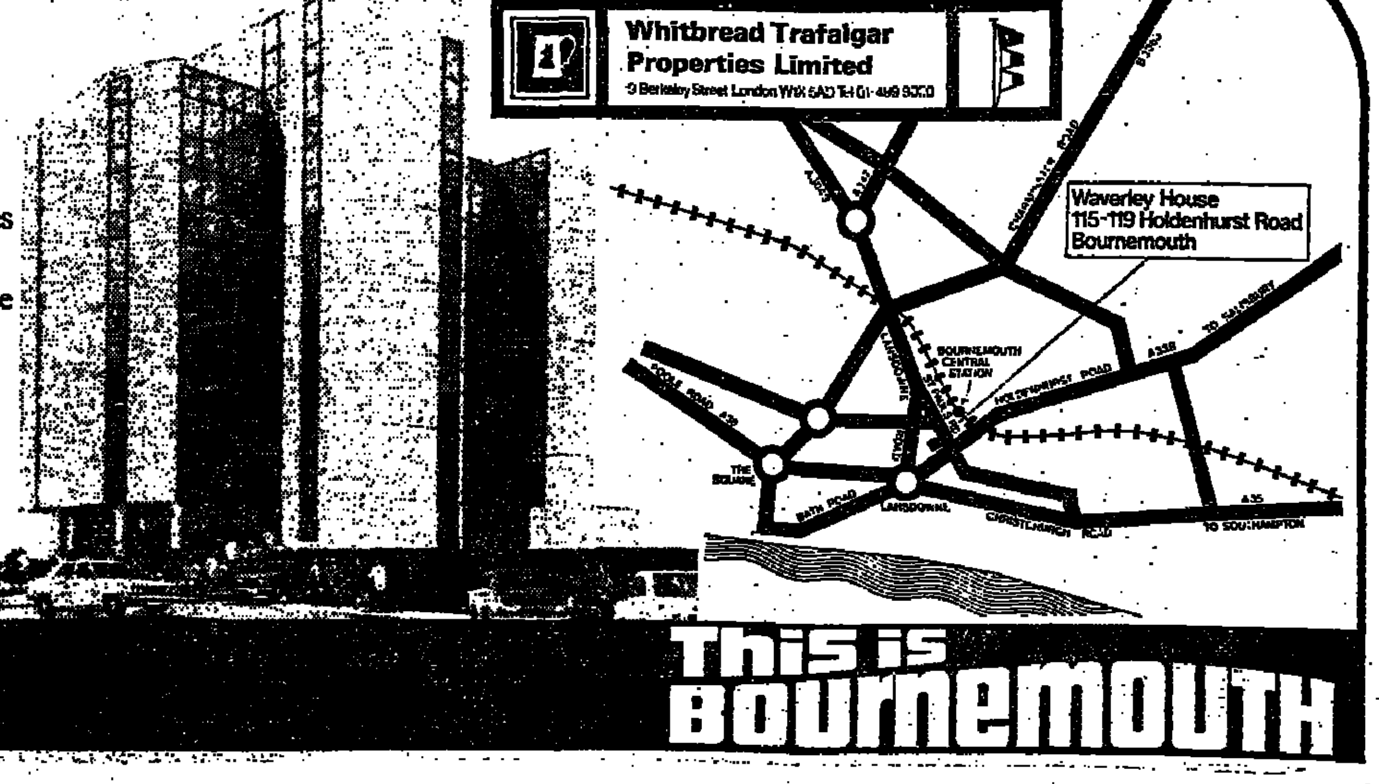


This is BOURNEMOUTH

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

Tempers the cost of heat treatment

FIRST recorded on this page two and a half years ago, a new technology approach to the problems of hardening, tempering and otherwise heat-treating metals for industrial uses, has been given the accolade of a major order from one of the acknowledged world leaders in the production of bearings, including those for such famous engines as the RB-211.

The order concerns twin furnace lines ordered from Fluidfire Furnaces, which brought the fluidised bed technique of heat treatment to the commercial stage, by RHP for a new bearing factory at Chelmsford.

Already the company has installed its first 1,000 lb/hour fluidised bed rotary drum hardening and tempering furnace line at Morlock Industries of Wombourn. The unit has been successfully commissioned and will be used for the hardening of such small parts as washers in a fluidised bed high temperature furnace, operating between 750 and 950 degrees C, that generates its own protective atmosphere to prevent oxidation of the treated parts.

These are directed into the hardening bath within a rotary scroll before direct quenching in a quench tank with a pan conveyor that deposits the work in the entry hopper of a washing machine.

Washed parts then travel automatically to the rotary scroll of the tempering furnace which is heated primarily with hot waste gas from the hardening stage. Control of the temperature at 450 degrees C is through a small excess air burner.

Compared with conventional furnaces used for this type of work, the fluidised line takes up half the space and operates at the much higher fuel efficiency of 50 per cent. heat to the metal being processed. Capital cost is reduced because the equipment is physically smaller.

Modern furnaces of conventional design would have efficiencies of around 25 per cent. and the old "box of bricks" still to be found in far too many industrial plants up and down the country 15 per cent. at best. As many as 30 per cent. of heat treatment units in this country are of the latter type.

Fast heating

A straight fuel consumption comparison is difficult and perhaps the most important advantage of the bed is the very sharp reduction it allows in treatment time, typically to one-half and sometimes as little as one-quarter. Fast heating is the secret, due to the intimate contact of the fluidised hot particles in the bed with the surface of the parts under treatment.

The first plant for RHP is due for commissioning in the middle of this year and the two plants together will cost in the range of £100,000. Both will be used for the treatment of balls for bearings.

Fluidfire is at Washington Street, Netherton, Dudley, West Midlands, DY2 9RE. Dudley 211551.

Manual barrel plating

FOR SPECIAL runs, test operations or low production work, a barrel plating unit has been introduced by M&T Cruickshanks, Lyndon House, 62, Hagley Road, Birmingham B16 8PX (021-454 7401).

Called the Auto-Min, it is based on a single 400 litre tank. On this is mounted a 18 x 10 inch polymethyl methacrylate or polypropylene barrel, with electric motor drive and unloading chute. Barrel, motor and chute are carried together on a pair of trunnion bearings and a counterbalance allows the barrel to be immersed or lifted from the tank with a minimum of manual effort.

To assist the operator, a damper restricts the speed of lowering — he starts the movement using a hand lever, after which the barrel descends gently into the tank under its own weight. During plating the barrel is totally immersed in the electrolyte.

To unload, the barrel is raised and swung clear of the tank, with most of the weight counterbalanced by the adjustable weight on the operating handle. The lid is removed and the barrel rotated by hand to tip the contents into the chute.

The unit is stated to be easily installed or moved to a new position. Three-phase and plating current supplies are required.

Abrasive blasting plants

MAKING A bid to capture business from companies contemplating setting up their own abrasive blasting plants, Shotblast Developments of Tansley, Matlock, Derbyshire (0629 3921) is offering three product ranges.

Chief of these is the Great Shot portable blaster for removing corrosion and preparing surfaces for application of coatings. Ancillary equipment such as protective helmets, remote control systems, hoses and nozzles is supplied and all types of abrasive can be used.

For permanently sited abrasive finishing facilities there are blast rooms offered as package units and designed for specific tasks. Complete blasting systems are incorporated in these rooms.

To complete the services offered the company is also marketing rebuilt plant which it says would be mainly of interest to the foundry, forging and some engineering industries.

● ELECTRONICS

Coding of keyboards simplified

KEYBOARDS with non-standard output codes can be encoded at low cost in an operation lasting minutes by teaming a programmable read only memory with a newly available version of General Instrument Microelectronic's AY-5-3600 keyboard encoder, mask-programmed to produce a simple binary coded output.

Four mode keyboards with either 64 or 90 keys can be encoded by pairing standard 256 x 8 or 512 x 8 PROM's with this new version of the AY-5-3600.

Used in this manner the keyboard encoder performs the keyboard matrix scanning and key roll over and lock-out functions while the required output code is committed to the PROM micro-circuit. Since the PROM can be quickly encoded in-house or by a distributor, the tooling charges and production delay associated with a mask programmed ROM can be avoided.

The new version of the keyboard encoder is ideal for use in prototype keyboards. Equally it allows the manufacturer of office and business machines or computer and telecommunications equipment to produce keyboards encoded to suit the requirements of different national markets or to produce, at low cost, keyboards incorporating functions unique to their own equipment.

GIM is at 57-61 Mortimer Street, London, W1N 7TD. (01-636 2022).

Speeded-up action of relays

PHOTOCELL relays generally consist of an electronic circuit with the final output an electro-magnetic relay.

Whilst most electronic circuits have a very long life, and require negligible maintenance, the output relay—having a mechanical operation—has a limited life and usually this component is the first which requires maintenance or replacement. Similarly, with machines working at continuously higher speeds delays in operation of sensing devices must be reduced, and even a relay operation within a few milliseconds is being considered too slow for current requirements.

The logical step is to replace the relay with a solid state switch, thereby increasing the speed of operation a thousand-fold as well as providing long-term semi-conductor reliabili[ty].

The new photocell switch available from Photain Con[trols], Unit 18, Hangar No. 3, The [Aero]drome, Ford, Sussex, meets [these] requirements. The control u[nit is] contained in a pressed [steel] housing and consists of a [suit]able power supply for 110/[240V] 50/60 Hz input. It has ou[tputs] for connection to remote source and photocell capable of operating over [dis]tances from a few millimetr[es] to 8 metres.

Switched output from the [con]trol unit is 12v dc at 1A as [stan]dard but other voltages [and] current can be supplied to [order].

Photain is at Littleham[pton] 21531.

● HEATING

Waste oil used as fuel

WASTE ENGINE oil, untr[eated] is the fuel used in an indu[strial] space heater developed by [Indus]trial Space Heater Servic[es], Bennett Road, Bourne[mouth], Dorset (0202 35548).

Called the DG185, the [unit] operates like any other o[il-fired] industrial space heater [and is] controlled by a time cloc[k or] thermostat, with automati[c elec]tric ignition and the usu[al] safe devices (to BS799). [The] major difference is the [use of] waste sump oil as fuel, [which is] fed from a storage tank. [The] fuel passes through a filte[r and] a pre-heater, and then blown into the combustion [cham]ber. Combustion produc[ts are] vented to atmosphere thr[ough a] flue, and the company sa[ys the] exhaust gases will meet e[nviron]mental requirements.

A ¾ hp electric fan pr[ovides] an output of 2000 cfm of air—a temperature rise [of ...] degrees F is claimed. Th[e free-]standing steel unit (3 f[t ...] inches by 2 feet by 6 feet) has two adjustable cowls to direct the air flow, ar[nd con]sumes 1.3 gal/hr of waste oil. Heat output is said [to be] 187,000 Btu/hr.

Apart from the oil, w[hich in] garages or other places [where] waste oil accumulates wo[uld be] free, services required ar[e com]pressed air and single [phase] mains.

● STORAGE

Competition in steel straps

ENTERING THE competitive field of steel strapping is Lawco-Avistrap, a company formed a year ago as a result of an agreement between Lawtons of Liverpool—an Ofrex Group subsidiary—and the FMC Corporation of America.

Already specialising in polypropylene and extruded polyester strap and equipment, the company encountered applications at the heavy duty end of the market which was dominated by steel strap. As a result it made an agreement with Titan-Verpackungssysteme GmbH (a division of the German steel company, Hoesch Estel) to market the Titan range of steel strapping equipment and supplies.

Lawco-Avistrap estimates that the U.K. steel strapping market is currently worth about £12m. a year and that at present some 80 to 85 per cent. is held between two U.S. companies (Signode and Gerrard Industries). The aim is to achieve 10 per cent. of the market over the next two years.

If all goes well it is hoped that in two to three years the range of steel straps will be made in the U.K. instead of West Germany, but not the applicator equipment.

The range covers black lacquered, zinc-coated and blued steel strap, in high tensile and special high tensile qualities, up to 1¼ inch wide, with tensile breaking strains in the region of three tons. There are some 60 applicator tools ranging from manual and pneumatic tensioner/sealer combination tools to fully automatic units for flow line use.

A feature of the Titan range is the "no seal" joint. This eliminates the need for separate metal seals, by using a method of tapered notch interlocking for the strap ends which is stated to give a joint strength up to 85 per cent. of the strap strength. This is some 20 per cent. better than the BSI requirement. Seals are available for joints on non-flat surfaces (for example, pipe bundles).

It is estimated that, all other prices being equal, a user should save some 10 per cent. of his strapping costs by using the no-seal system.

The company which is at 60, Vauxhall Road, Liverpool L69 3AU (051-227 1212), says it will sell, lease or rent the strapping equipment, and guarantees that the rental will remain fixed during the period of the contract.

One of Lawco-Avistrap's tensioning and sealing tools being used for assembling large diameter plastic pipes into easy to handle "packages."

● RETAILING

Co-op seeks automation advance

ROYAL Arsenal Co-operative Society is to instal an IBM retail store system in its department stores. This move forms part of the Society's trade development programme for the next five years. From the base of a £100m. per annum turnover, this programme will include the building of a new "superstore" at Thanet, a number of new supermarkets, and extensions to existing non-food stores.

The food operation of RACS has successfully used the Society's computing facilities for over ten years. In 1973 a study was begun into the desirability of installing a system by which computing techniques could be applied to the Society' non-food operations.

The IBM 3650 is modular and can be used in a variety of ways. It forms the basis of an integrated information network for management of stores and distribution centres. Its 3651 store controller links goods receiving and marking operations and point-of-sale transactions to the central computer.

At the sales counter, 3653 Point-Of-Sale Terminals will be equipped with a "wand" device which will be passed over a specially encoded sales ticket and will automatically read and transmit the details to the store controller. Such information as department, product description, price, colour, size, supplier and batch number will be included on the tickets. This will be recorded by the controller, thus providing store management and buying staff with accurate and up-to-date statistics.

The terminal's display screen will show details of a transaction and tell the sales assistant how much change to tender. A detailed receipt will be produced by the machine for retention by the customer.

Encoded tickets will be produced in the store using an IBM 3657 ticket unit. Other parts of the system will provide facilities for such requirements as credit department input, purchasing and goods receiving operations. For this, and for immediate enquiries, the 3650 will be connected to the Society's 370/145.

Implementation of the system will commence in mid-1976 with the installation of three display screens in the non-food buying office for controlling orders and receipts. In July 1976 six of the cash terminals will be installed in the household departments of the Woolwich Store. It is planned to complete the installation and have the system fully operational in this store by next Christmas. Plans have been made for the introduction of similar systems at RACS stores in Lewisham, Bexleyheath and Eltham during 1977 and at other stores during 1978 and 1979.

● ENERGY

Avons pump the gas

THE FIRST Rolls-Royce Avon gas turbine engines to pump gas from a North Sea platform started operation just before the turn of the year on the Conoco platform in the Viking field.

Two Avon engines, supplied by the Industrial and Marine Division of Rolls-Royce (1971), have entered service to help maintain the flow of gas from the Viking field to meet demand from consumers in the United Kingdom.

The Avon units, installed in two gas compressor sets built by GEC Gas Turbines on the "A" platform in the Viking field, are pumping the North Sea gas to Conoco's Maplethorpe terminal on the east coast.

Viking is one of the North Sea gas fields currently providing the main supplies of gas for the British Gas Corporation. A third Avon gas compressor set has been ordered by Conoco for the Viking field. This is for operation on the "B" platform.

Rolls-Royce now has installed six Avon engines on North Sea platforms in the Viking and Leman gas fields. In addition to Conoco, Shell/Esso and Amoco each have two engines in position and these are also due to pump gas ashore very soon to the Bacton terminal.

● COMPUTERS

Intelligent reader terminal

COMPUTER Instrumentation is marketing the Bell and Howell IMR-80 intelligent optical mark reading (OMR) terminal. OMR reader with an integral microprocessor, the IMR-80 reads pencil-marked, key-punched or pre-printed data in any combination entered on standard tab-card sized documents.

It employs an advanced design transport mechanism, which relies on pulling rather than pushing documents past the optical read heads, thus ensuring that documents printed on comparatively thin stock remain flat. Moreover, the reader is fitted with two read heads, enabling pencil or printed marks to be read from both sides of the document in a single pass.

The data can be read with or without format marks, the transport mechanism being controlled by a program sub-routine which specifies the anticipated input data format—40 column, 80 column or random column with format marks. This allows considerable flexibility in form design which can be oriented to user convenience rather than suitability for the computer.

Search and selection or sorting according to any program entered to meet the user's requirements includes the provision for sorting documents containing errors from those with valid data, the reader being fitted with dual output card stackers to receive sorted documents. The machine is capable of handling batches of up to 600 documents at the rate of 300 cards per minute, with local or remote feed control, and is provided with audible and visual alarms for input hopper empty, output stacker full, motion check, data check and line check.

UCC Computer Instrumentation is at School Lane, Chandler's Ford, Eastleigh, Hants. Chandler's Ford 4671.

Small unit has plenty of punch

RECENTLY appointed regional agents for the Logic 2000 office accounting computer were so impressed with the power of their demonstration machine that they decided to buy it for their own use. Now RCM Business Machines of Oxford Street, Weston-Super-Mare, is using the Logic 2000 to run a payroll bureau service for five businesses in the Avon area, though the unit starts at under £3,000.

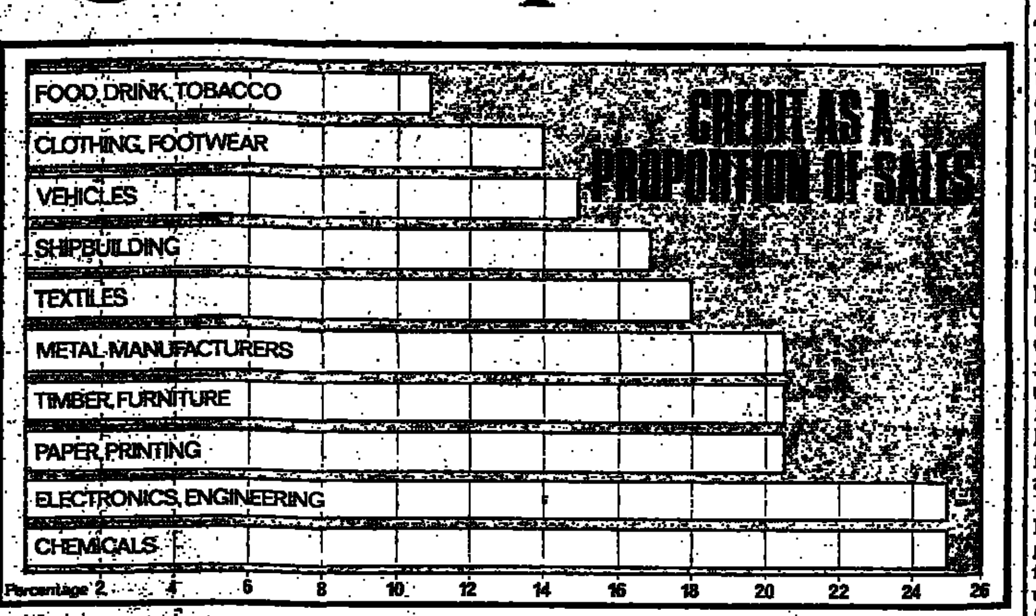
Payrolls are run on a weekly basis, each one covering on average 60 employees. Average cost to users is only £7.50 per week. Programming of the Logic 2000 was carried out through Office Data Systems, but RCM is planning to have its own programs and will probably extend the bureau operation to include sales ledger and analysis and other applications.

هكذا ص الأصل

The Executive's World

Rhys David examines how industry is having to face up to

Tackling credit problems



A WIDE variety of explanations has been advanced over recent years to account for the continuing inability of British industry to match the competitiveness of its counterparts on the Continent, in North America, and in Japan. The days lost through industrial disputes, low productivity, and the need for larger enterprises giving greater economies of scale, were among the factors on which attention was focused in the late 1960s. More recently, lack of investment, bad management, excessive taxation, and Govern- interference — or alternatively the lack of extensive sector planning, as in France — have become the favoured theories, depending on the political standpoint from which the view is expressed.

While each of these factors may have been important, one of industry's own commercial practices is now being examined within industry itself: the management of credit, a subject which is receiving the attention of financial experts in a number of major companies.

Problem

The basic problem being tackled is the deeply ingrained view, shared by businesses and individuals, that bills are due to be paid not on receipt or even within a set period of days or weeks but, according to convention, by the last day of the month after receipt. Though many companies do stipulate a set period of days for payment, or a particular day in each month before which payment should be made, there is evidence to suggest that the practice is widespread. In the U.S. and Germany, however, a much stricter approach is adopted.

On the basis of statistics collected from a sample of companies in 1972 the average length of credit extended by manufacturing industry was 68 days, or 18.7 per cent. of sales. If industry is receiving as much credit as it is giving the problem of course cancels itself out, but the figures in the sample show that when account was taken of credit received the companies were still extending net credit equivalent to 3.5 per cent. of sales. Furthermore, as the accompanying chart illustrates, different sectors of industry are affected to different degrees, with the heavy industrial end having to extend most credit.

Chemicals, for example, is particularly affected with credit extended equivalent to 25 per cent. of sales. At the same time the industry has to make prompt payment for its imported raw materials and so receives very little credit. Nearer the market, the length of credit begins to taper off and, in consumer products, industries such as clothing and footwear, and food, drink and tobacco, companies are extending only half the length of credit offered at the heavier end. In retailing the situation is likely to be even more favourable, though obviously much depends on the type of sales operation involved. Whereas department stores offering monthly accounts will have credit outstanding, in mass retailing the chain stores operating on a cash basis need to extend very little credit and can cover this several times over with debts to suppliers. In some cases with fast moving lines, such as some textile goods, the chain stores may actually be paying their suppliers after they have sold the goods.

Effectively what is happening, the chemical industry believes, is that credit is being passed down the line from heavy industry to the retail sector which is able to pass on the benefit—in maintaining prices—to the consumer. At a time of rapid price increases the fact that retailers are being relieved of the extra financial burden which tighter credit control all along the line would bring may seem a positive bonus in the battle against inflation, but the longer-term consequences are a possible cause of damage to the economy as a whole.

Subsidy

In the first place the effective subsidy that is being provided by industry is another element which makes it possible for the retail sector to price its goods very competitively. The effect is to stimulate consumption to the detriment of investment in manufacturing. Even more importantly, however, the practice of extending long credit means that an additional strain is being placed on working capital already under pressure from inflationary cost increases. The effects of inflation are already being felt in the substantial increases in working capital required annually by companies. ICI for example had an additional working capital requirement of £46m. in 1972, £96m. in 1973 and £197m. in 1974. The need to increase working capital will be accentuated when industry finds itself having to restock with higher-priced raw materials to meet the next upsurge in demand.

The extra demands on working capital also increase the problem faced by companies in capital intensive industries in funding their investment programmes from internal resources. Yet in chemicals, as in some other sectors, this very often has to be the main source of funds for new projects. Because profits are cyclical the industry frequently finds it expensive to raise all the funds it requires in the market.

Control

There is also the point that the more efficient companies which exercise tight control over the length of credit can be penalised if others are offering longer payment periods. For the longer period of credit becomes, in effect, a form of discount which can be used as a weapon in winning business.

But although the difficulties which U.K. credit practice causes can be identified, it is more difficult to prescribe the changes that are needed and their method of implementation. Some companies already offer discounts for prompt payment while others adopt a tough policy with customers who are late, even at the risk of losing business. The present recession makes it difficult, however, for manufacturing industry to bring in a straightforward reduction in credit as this could have serious effects on many customers' businesses.

Yet a cutback in total credit from the 68 days average to around 50 days—a period which would still allow customers plenty of time to receive and check goods and reconcile accounts—could make an appreciable difference. The money released would, on the basis of statistics for debt outstanding in 1972, be a minimum of £450m. for reinjection into manufacturing—a sum which would go a long way to pay for the regeneration of British industry. By 1976 the figure is likely to be much higher.

As well as providing this once and for all transfer of resources from consumption into manufacturing, there would also be on-going savings as a result of releasing companies from the burden of acting as interest-free bankers to their customers. The task of providing companies with the extra finance would have to be taken up by the banks using normal banking principles.

The change would in fact mean the adoption within U.K. manufacturing industry of a more professional approach to credit management—an area where Britain lags well behind the U.S. In the U.S., where debt management is handled by credit specialists working with sales and financial colleagues, much more attention is given to assessing the creditworthiness of customers. This makes it possible to vary terms according to the type of business and risk involved. It also makes it possible to distinguish between emerging businesses, which perhaps need more leeway, and mature customers.

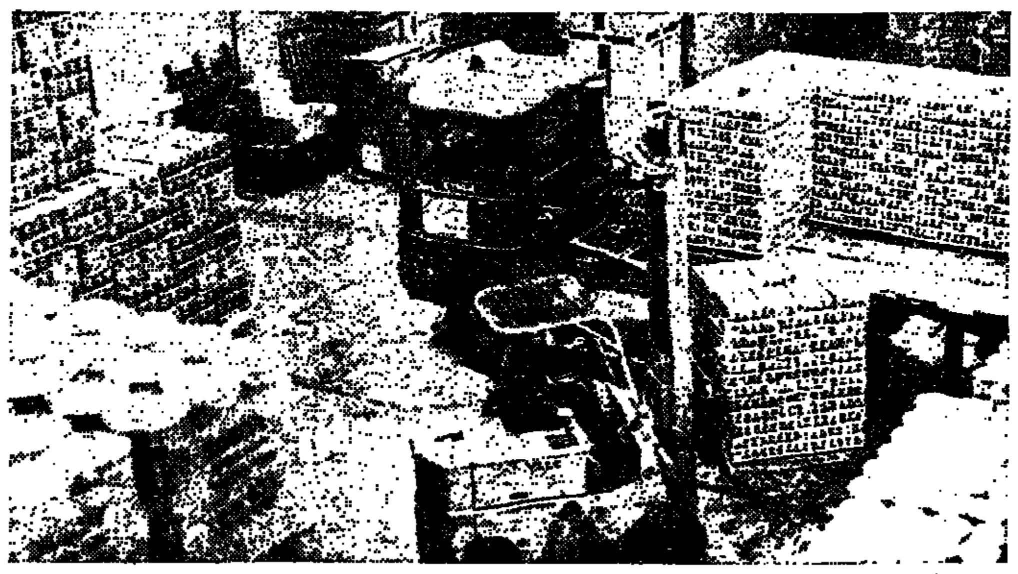
Sophisticated

Clearly, a move to a more sophisticated credit management approach would take some years and would depend on more than a handful of companies taking the initiative. The necessary stimulus might as a result have to come either from within industry as a whole or from the Government.

Like Common Market entry, adoption of the best international credit standards could be a further important move, however, towards greater efficiency within British industry, with companies now cushioned by long periods of credit, as well as those providing it, benefiting from a more disciplined approach.

Warehouses as a speciality

BY NICHOLAS LESLIE



Loading palletised canned food at the 350,000 square foot Haydock, Lancs., warehouse and distribution centre of NMT Industrial Storage Group.

TWENTY-FIVE years ago, Mr. Rabi Khan was working as a tally clerk in the transport department of the Firestone tyre group. He had joined the company following his arrival in the U.K. from Pakistan with a degree from Calcutta University.

To-day, Mr. Khan is the head of a large independent warehousing group with a turnover of some £2m. and profits in excess of £400,000, and he has recently forged links which open up the Continental market for his company. Meanwhile, he must feel a sense of satisfaction in having Firestone as an important customer.

Mr. Khan's company—NMT Industrial Storage Group—has grown over the past 14 years from what was initially an operation run with a seat of the pants, gut reaction style of management into an organisation applying a considerably more sophisticated and planned concept.

While at Firestone, Mr. Khan spent some time at a warehousing company as Firestone's representative and was later enticed to join it. However, at the end of five years a situation developed which he was not happy about and a spot decision led to an abrupt departure at the beginning of 1961, leaving him without a job, with no apparent prospects and, as he admits, "I hadn't the foggiest idea what I wanted to do then."

But he knew quite a lot about warehousing and subsequently set about starting his own operation by asking banks and some old customers if they would back him for a trial period.

By coincidence, Firestone was to become his first customer, but prior to getting the business he needed to raise £30,000 to buy a short lease on a 35,000 square feet property in North Acton Road. This he eventually managed to arrange with his bank and a finance house, but not apparently without using a little brinkmanship in the process.

While he started out with no real management concept—his major preoccupation obviously being to get business—he nonetheless reckoned that there was "generally a low standard of service in the industry at that time" and that this was a situation to be exploited. At the same time, he considered that a failing of many independent warehousing businesses was to tie in transport operations which took priority in terms of management effort and funds.

Thus, "I felt that I had to find out what the customer requires," he says. But almost before he really got started, he made a sizeable error. Under pressure for more space, he rented a basement in Queensway, in London, for a two-year term, paying rent in advance and without really surveying it. Soon after filling it, the basement was flooded. He removed the stock, closed the basement and never used it again. It was a lesson which clearly was to lead to his conviction that quality of premises is as necessary as service in achieving a successful warehousing operation.

Mr. Khan's second warehouse was at Park Royal, near the Guinness brewery and also close to his other property, which made management easier and enabled utilisation of his existing labour at both properties.

Eventually, the cash flow situation improved to the point where he could start financing further expansion, but he only did this—as he does to-day—where he first had a customer to fill any new warehousing space. This applied also when he began building warehouses nine years ago.

By maintaining continuous contact with the needs of customers, Mr. Khan feels he has developed a pattern for warehousing which, while initially more expensive, has stood him in good stead. He condemns some of the warehousing development in recent years as having been too cheap, too large for the site, and lacking in facilities and services.

"We put in higher headroom —we feel 24 feet is the best—bigger turning circles, sprinkler systems and other facilities, and we find that in the long run it pays for all concerned," says Mr. Kahn.

While the company set out by offering a full management contract to its customers embracing receiving goods, stock control, handling and distribution, many in more recent years have taken on the management role themselves where they have felt well able to handle the particular operation themselves.

Now, there is a mix of some 60 per cent. managed and 40 per cent let for security. The mix of freehold to leasehold properties is some 55:45, with freehold slowly increasing. Leasehold financing is generally with pension funds and insurance companies, with freeholds largely financed through bank borrowings.

Going where his customers want him has given Mr. Khan a network of warehouses embracing London (a total of over 600,000 square feet), Bristol (180,000 square feet)—with easy access to the M4 and leading to the M1, M5, M3 and M40—the Midlands and the North (around 900,000 square feet already built and more under construction at Haydock), and Scotland (610,000 square feet and a further 210,000 to be developed).

Mr. Khan has tested the water with transport over the years, but withdrew in the belief that it was too difficult to manage the two together in conditions prevailing. However, NMT has recently linked with Continental companies which have large transport fleets and he does not totally rule out expansion into transport some time in the future.

Intercontinental Storage and Distribution NV is a joint marketing organisation formed by NMT together with the Royal Netherlands Steamship Company (KNSM BV), of Holland, and Compagnie des Entrepots et Magasins Generaux de Paris, of France, to promote and market collective warehousing, transport forwarding and air freight services. It is the operation through which a new phase of expansion should take place.

Swiss job loss insurance

BY NORRIS WILLATT

WHEN YOU'RE not afraid of becoming unemployed, you don't bother about unemployment insurance; but once you fear you might be out of a job, you get very concerned about it indeed. This explains why only in 1975 the Swiss took steps to introduce for the first time ever a compulsory unemployment insurance programme.

For a whole generation up to that point, there had been no unemployment in Switzerland; in fact, on the contrary, there had been chronic over-employment. The number of those registered with the official labour exchanges as in search of a job was no more than 50-100 a year; while advertised job vacancies totalled several thousand. And that is not taking into account the several hundreds of thousands of foreigners (Italians, Spaniards, Yugoslavs, Greeks, Turks) who had immigrated to Switzerland to take more menial jobs the Swiss did not want to do.

But, as a result of the world-wide recession of 1975, Switzerland, too, suddenly discovered unemployment. In November of the year, over 20,000 Swiss were officially registered as out of work; and though this represented only 0.66 per cent. of the total active population of some 3m., it was such a radical reversal of trend, that it had the Swiss really worried. The end-November total, moreover, was nearly 30 per cent. higher than the October total.

Furthermore, apart from those who had lost their jobs, a good many Swiss were working short time. By the end of October, nearly 2,000 Swiss firms were already operating on a reduced work week; and up to that time, some 3.5m. fewer hours had been worked during the year, compared with the same period of 1974. Excluded from the Swiss statistics were those showing the number of foreign workers whose work permits had not been renewed: and which were estimated to total between 100,000 and 150,000.

In this radically changed environment, the Swiss authorities were pressing forward with a compulsory, contributory unemployment insurance programme, with the enthusiastic backing of both the employers' organisations and the trades unions. The atmosphere was very different from that in 1972 when the Federal Office for Industry, the Arts and Crafts, Professions and Labour, with considerable foresight, had canvassed both parties about the desirability of introducing such a scheme.

Climate

Then, the employers' associations were not interested. The country was in a climate of growth and full employment; and for many years looked like remaining short of manpower. The trades unions, while in favour of compulsory insurance, didn't like the Government's proposal for a centralised system.

However, the authorities didn't give up, and set up a commission of experts to study the subject, whose proposals were the basis for the legislation now under consideration by Parliament. This was approved by the popular assembly, the National Council, in the session before Christmas; it will be considered by the States Council (whose members are elected by the Cantons) in the spring.

If all goes according to plan, the necessary legislation should be submitted to the whole population (as it must be under the Swiss Constitution) in a national referendum in June, 1976. That means it could come into effect by January 1, 1977. Many Swiss, especially those already out of work, and those fearing they may be, wish the process could be speeded up.

Some of the cantons already have made unemployment insurance obligatory for people in lower income brackets. But at the end of 1975, only about 30 per cent. of all Swiss workers were covered, and that was half as many again as a year earlier. About 130 private unemployment insurance funds were in existence, some of which were financed by contributions of both employers and employees, and others (including funds run by the trade unions) by the employees alone; both the Federal Government and the Cantons helped with subsidies. But up to the end of 1974, only five out of the 25 full and half-cantons had introduced compulsory schemes.

On the other hand, during 1975, as the recession got under way, most of the other cantons hastened to follow their lead, including such leading ones as Zurich, Basle, Lucerne, Zug. The legislation prescribed compulsory insurance of workers up to a certain level of income, which varied from canton to canton. For example, in the case of Zurich, it was Sw.Frs.36,000 (£6,800); in Basle, Sw.Frs.39,000 (£7,300); but in Canton Tessin, where incomes tend to be lower, the ceiling was Sw.Frs.18,000 (£3,400).

Although the cantons have jurisdiction over their own programmes, such matters as the qualifying period, the length and amount of benefits are the subject of Federal legislation. Thus, at the end of 1975, the State intervened to reduce the minimum waiting period before becoming eligible for unemployment pay from six months to one month; and increased the maximum period for benefits from 90 to 150 days.

Contributions

Meanwhile, the plans for a nation-wide programme were going forward. Still to be decided was how the contributions should be made; what the amounts should be; and whether subsidies should be provided by the Federal Government, the cantons, or both. Probably, contributions, which would be shared between employers and employees, would be fixed at so much per mille (a thousandth part) of earnings.

One suggestion was that the deductions from pay should be consolidated with those for compulsory accident insurance; just as a single deduction covers retirement and survivors pensions, and invalidity insurance. If the Swiss were to run true to form, they would try, as far as possible to make use of existing institutions; and to leave to individuals some choice in how to effect the required coverage.

Finally, in Switzerland the proposed compulsory scheme was not simply designed to provide income for people out of work. It would also be used to help them find work again as quickly as possible, by contributing to the cost of retraining, moving house, and otherwise promoting mobility. Emphatically, the object was not to freeze people in existing jobs, no longer economically viable; but rather to further, where necessary, structural change.

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FRIDAY, JANUARY 9, 1976

The cost of welfare

SOCIAL SECURITY payments are now under fire from the heaviest gun of all:- public opinion, including the opinions of working-class taxpayers. The latest evidence for this comes from no less a source than the new chairman of the Supplementary Benefits Commission, Professor David Donnison. It is the commission he heads that *has to administer most of the* payments to the poorest section of the community—including pensioners, the unemployed and the sick—whenever other benefits (for example from national insurance) fall below a certain minimum. This is no small matter: the total expenditure on supplementary benefits in 1974-1975 was £575m., compared with £168m. in 1961-62.

Means tests

Professor Donnison has described, in an article in the journal "Social Work To-day," how many of the "working poor" feel deep resentment when they see discretionary payments made to social security claimants while they themselves are left "struggling." In his view the public is "currently more hostile about 'layabouts' and '*scroungers' than for many years past.*" This will come as no surprise to the more sensible of our politicians, including some of those on the Right of the Labour Party. It is also a natural social consequence of the steady lowering of the tax threshold in real terms in order to meet steady increases in the benefits, and a steady rise in the number of reasons for paying benefits.

From the point of view of the Supplementary Benefits Commission this change of mood makes it necessary to think carefully about *fundamental* policies. Should there be more universal benefits, of a kind that might concentrate payments in one package and thus keep them simple—or should there be more means tests? Should the aim be the highest possible payments, with no frills, or an extension of the already extensive discretionary system, which leaves it to Government officials to decide who needs a little extra for coal, or help with rent arrears, or whatever?

The Commission is still "clarifying its own ideas" about some of these questions, according to Professor Donnison. Its view on the discretionary extras, the list of which grows year by year, seems to be summed up in his warning that "the whole tottering Christmas tree threatens to collapse under its own weight." It might be added that if this does not happen public opinion will push it over.

This could be disastrous for those genuinely in need. The welfare state is without doubt badly administered, and there certainly are people living on its benefits who really ought to be fending for themselves—but this does not mean that everyone could manage without its services or its transfer payments. One reason for the growth in supplementary benefits payments has been the increase in the number of retired persons living on state pensions that by any standards are barely adequate. Another is the rise, common to many advanced countries, in the number of genuinely distressed people—the unemployables with large families, the disabled, the chronically sick, and so on. It would be wrong to write these unfortunates off as "feckless" or "the undeserving poor."

Public demand

What public opinion does demand is that taxpayer support is so far as possible limited to those who really are in need—need being defined as the amount necessary to maintain a standard of life accepted by most voters as the decent minimum. This would still be costly, but at least the expenditure would be seen to be justified. To arrive at a definition of such payments and a method of administering them (negative income tax? a single cheque from one agency with generally agreed rules?) there is a need to go back to first principles in an effort to design a more publicly acceptable policy. If this is not done, welfare itself will be increasingly under attack.

Towards the historic compromise

ONCE AGAIN Italy is without a government. The crisis this time has been caused by the withdrawal of Socialist Party support from the minority coalition led by the Christian Democrats: the Socialists had backed it but not participated in it. Apparently the party leadership felt that this state of affairs was disadvantageous in two ways: it did not give the party sufficient influence over government policy and it prevented it from seeking electoral support by attacking the government outright.

Communist gains

There are two possible consequences: either there can be a new coalition in which, perhaps, the Socialists might be formally included in return for some direct influence on policy, or there can be premature general elections. At present, *the former* is the more likely, since neither the Christian Democrats nor the opposition Communist Party seem to favour elections before they are due in the spring of next year, and the Socialists themselves must be wary of going into an election campaign with their current negative image. It is, after all, they who have brought the crisis about and there is no evidence that it is a popular thing to have done.

Whether they take place this year or next year, however, there is no doubt that the elections will be of unusual importance both for Italy and for Europe as a whole. The story of Italian politics in the past two decades has been one of the steady advance of the Communist Party to the point where in the regional elections last June it won 33.4 per cent. of the votes against 35.3 per cent. for the Christian Democrats. In the 1950s the Christian Democrats regularly won over 40 per cent. and the Communists less than 25 per cent.

The Communist advance has been accompanied by considerable changes in tactics and by some notable successes in winning control of the regions; the Party now, for instance, governs most of the major towns except Rome. Its officials have on the whole kept their hands clean and avoided extremism. For some time they have been advocating the establishment of a coalition between themselves and the Christian Democrats known in their own words as "the historic compromise."

Probably the dominant fact in Italian politics to-day is the realisation that such a coalition is becoming inevitable. It would require a spectacular recovery by the Christian Democrats or a spectacular setback *for the Communists to prevent* it, and for neither is there much time left.

Atrophy

The question then inevitably arises of the outside reaction. Dr. Henry Kissinger, the U.S. Secretary of State, has been recently canvassing the view that a Communist share in the Government in Italy will lead to a Communist share in France, to an upsurge of neutralism and nationalism in the West German Social Democrat Party, and to an American withdrawal from Europe.

To many Europeans that will seem extreme, though it is an interesting fact that Dr. Kissinger should claim to believe it. It is at least possible that the Italian Communists have changed their *strategy* as well as their tactics and that they would observe the democratic processes if in office.

Nor is it certain that a historic compromise in Italy would inevitably lead to left-wing gains in France: it could well provoke a swing to the right. The real lesson, however, is for the Christian Democrats and for any other party which allows itself to atrophy in office. It is their failure to adapt rather than just the Communist successes which is bringing the compromise near, and only a last-minute transformation can change this fact.

Sandilands: taking the pain from current cost accounting

BY ANTHONY HARRIS

MANY PEOPLE in the City have been highly apprehensive about the possible results of the Sandilands report since it appeared; and a week ago, when the City Capital Markets Committee was moved at last to say something about the subject, these fears were as much in evidence as ever.

Accepting the inevitable with as much grace as it can muster, the Committee respects the rituals—"a major contribution towards the development of accounting techniques to deal with the impact of inflation in financial accounts"—but even in this phrase, the reservations are perfectly clear: a contribution towards the development of a new technique is not quite the same thing as finding the answer. And no wonder: for the Committee *fears some dire results.*

Apart from a "painful reappraisal of the investment merits of many companies"—which would no doubt be necessary as a result of any inflation accounting system—the Committee points out that Current Cost Accounting, the Sandilands proposal, would result, among other things, in reduced dividends, higher prices, a cut in investment spending, difficulties in obtaining bank credit, and a dramatic shift in the burden of corporation tax onto financial companies.

The critics' case

With support like this, one *might conclude, the Sandilands* proposals hardly need critics; but of course if the Sandilands principles really do produce realistic figures, then the results are nevertheless the right ones. There is no reason at all why companies which are working at a loss should continue to enjoy a good credit rating, pay dividends effectively out of capital, or invest in order to make still bigger losses. The consequences will only be damaging if the reappraisal is unrealistic; and that, of course, is just the case which is still being argued by the critics of Sandilands, ranging from the radicals, like Professor D. R. Myddleton, who want to see the whole thing scrapped, to the moderate reformers—an impressive body of opinion embracing the accounting institutions, some stockbrokers, and the Capital Market Committee itself, who want to see some modification; the CMC calls for a combination of Sandilands and accounting bodies' recommendations.

The fundamental issue, as those who have followed the argument know, is the treatment of net monetary liabilities during a period of inflation. The original proposal from the accountants, a Constant Purchasing Power or CPP system, aimed to recast all the money figures in company accounts in "real" terms; so while there would have been higher figures for depreciation, and the rising money value of a physically unchanged volume of stock would have vanished from reported profit, a sum would have been added back representing the fall in the real value of debts—a loss to the creditor and a "profit" to the company.

The Sandilands system makes basically the same adjustment on the cost side—though depreciation and stock financing are adjusted acording to the specific/actual costs of stock and equipment rather than by a general inflation index. But there is no adjustment allowed for the falling real value of debt. This has three important results.

First, it produces much lower profits—Sandilands profits are on average less than half CPP profits. Secondly, by refusing to recognise any change in the value of money in general, the Sandilands system does nothing at all for banks and other financial companies whose stock in trade is money: hence the danger of a large and sudden shift in the tax burden.

Finally, because of the device of keeping stock profits in the accounts as "*holding gains*," the Sandilands system would have much the same result as the existing system of tax deferment on stock appreciation: a deferred tax liability would steadily build up in the balance-sheet. This is in some ways the most serious flaw of all. According to one stockbroker's calculation, deferred tax would account for 25 per cent. of all balance-sheet values within three or four years. It is this which might make it very hard for companies to raise bank loans, let alone new capital issues.

ADJUSTMENT TO PROFITS FOR 1974

	GKN		TESCO		BARCLAYS BANK	
A. CONVENTIONAL pre-tax profit		100[1]		23		158
Sandilands adjustments						
Conventional depreciation	24		6		19	
B. CCA adjustment	10[2]		3		9	
Opening stocks	180		48		0	
Closing stocks	271		58		0	
C. CCA adjustment	57		10		0	
D. Adjustments to association's profits	6		0		0	
CCA/operating profit (A-B-C-D)		28		10		149
Monetary adjustments						
Opening net monetary liabilities						
Short term[3]	12		51		−402	
Long term[4]	117		8		94	
CCA profit plus monetary gains[5]		60		22		90
CCA profit plus distributable holding gain[6]		34		20		72[7]

[1] *Adding back additional depreciation;* [2] *Company's figures from accounts;* [3] *Overdrafts plus creditors less debtors and cash;* [4] *Loans plus deferred tax;* [5] *CPP (Constant Purchasing Power) monetary gains on net liabilities, based on retail price index, which rose by 19 per cent. in 1974, and 20 per cent. in year to February 28, 1975;* [6] *The proportion of stock appreciation gained on stocks financed by net short-term monetary liabilities;* [7] *Adjusted for gain (loss in this case) on net short term liabilities only.* * *Year to February 28, 1975.*

Percentage effect of different adjustments on conventional profits

	GKN	TESCO	BARCLAYS BANK
"Pure" Sandilands	−72	−57	− 6
Sandilands plus monetary gain	−40	− 4	−43
Sandilands plus distributable holding gain (or short-term monetary adjustment)	−66	−13	−54

Source: Phillips and Drew, and author's calculation of distributable holding gain.

Proposals in the air

There are several proposals in the air to reduce these problems to a more manageable size. One is to use the Sandilands system to account for operating profits, but to add in the net gains on monetary liabilities on the CPP system. This would be an awkward marriage between CCA, which is essentially a cash flow system, and a general inflation adjustment system. The result would be to increase reported profits in general to somewhere near the CPP level, and in particular to eliminate the disparity between the treatment of financial companies—who, as creditors, would *lose* heavily from the CPP adjustment—and companies trading in goods.

However, the CPP adjustment has always been under attack as likely to encourage imprudent borrowing, and as presenting a falsely rosy picture of what are in fact over-geared companies. Most devastatingly, its critics say that CPP justifies borrowing money to pay dividends—even worse than distributing capital.

Is there any cure that is not in some sense worse than the disease? One possible answer is to be found in the Sandilands report itself. When it argues that while holding gains should always be shown separately from operating profits, they may, at the discretion of the Board, be treated as distributable (and therefore taxable) profit rather than as a provision to finance inflated costs.

As it stands, this is simply a way of allowing trading companies to bring the profit on well-judged trading into distribution; but it could have a more general and more objective meaning. For the fact is that many companies normally *finance* a part or even the whole of their stock in trade with borrowed funds—bank loans or trade credit. A company which distributes the profit so made, and continues to finance its stocks in the same way, is simply carrying on its normal policy.

The clearest example, perhaps, is a grocery chain, which can expect to turn over most of its stock within the normal period for settling its bills. As the table shows, for example, Tesco had at the beginning of 1974 short-term liabilities which actually exceeded *its stocks* (by no means an exceptional state of affairs for this highly efficient company). The finance here is purely automatic: so long as Tesco continues to buy goods which sell rapidly, it gets the credit as part of the process of buying the goods. There is no reason in prudence or realism which demand that profits made in this way, on an operation financed outside the company, should be segregated in a reserve or bear no tax.

No strain on a business

As the reader may have noticed, this notion of "distributable holding gain" is in fact the reverse of the "net gain on monetary liabilities." It suggests treating what may be regarded as an "inflationary" profit as taxable because it was made with the assistance of borrowed funds.

However, it seems to me an easier notion to understand. It accords with the ordinary notion of "profit"; and it fits in with the general Sandilands principle that the first claim on a company's cash is to set aside the funds needed to maintain its business. All I have suggested as a general guide to prudent accounting is that a company which can normally expect to finance its stocks out of trade credit or overdraft facilities does not "need" to set aside additional funds of its own for the same purpose. Such gains can be brought into profit without in any way straining the *business.*

The drawback, of course, is that the lender gets no benefit from such an adjustment. A bank needs to set aside capital to maintain its capital ratios just as much as a manufacturing company needs to make realistic provisions for depreciation. The sad fact is that the more one tries to stick to Sandilands principles, the less one can do for financial companies.

One possible solution would be to adopt the CPP principle, but apply it to short-term funds only. This has been done for the Barclays Bank figures in the table. The result, since a bank is a net borrower long but a net lender short-term, is to reduce the reported profits still more drastically than would be the plain CPP adjustment.

It does not, however, seem sensible to use the same CPP adjustment for trading companies: it is surely more sensible to declare as profit the money a company has actually made by employing borrowed funds rather than a notional gain from applying the general rate of inflation to its debts.

The table shows the results of the different forms of adjustment on the profits of three companies: as can be seen, inflation accounting in any form *must mean a very painful* reappraisal for some companies, but surely either the Sandilands-cum-CPP, or the modification I propose here, produce results which are more in accord with commonsense than undiluted Sandilands. A CPP adjustment shows how banks come under strain (strain on their capital ratios) from inflation. It also shows how Tesco and similar companies have come through in excellent shape.

The big difference is in the effect on a large manufacturing company like GKN, whose profits can be quite largely "restored" by taking account of the CPP "gain" on its loan capital, but not if account is taken only of its short-term position. It seems to me reasonable again to treat the short-term adjustment as an adjustment to actual profit, but relegate the CPP adjustment on long-term capital to a footnote on the effect of inflation on shareholder's interest, as Sandilands proposes.

Repayments of capital

Problems remain—notably the problem of deferred tax liability—though so far as a modified Sandilands system brings a proportion of holding gain into profit, the deferred tax burden is reduced. This can really only be met by the Government; it is only when the Chancellor declares that tax deferred on inflationary profits will stay deferred until prices return to their 1973 level (or until Doomsday, whichever is the sooner) that this problem can be solved. Otherwise the Exchequer will stealthily build up a prior claim in every future liquidation, with incalculable consequences. But so far as *current profits are concerned* it does seem that some adjustment for borrowing, on all liabilities (or, I would suggest, on short term ones only) would offer a more realistic basis for the reappraisal which the Capital Markets Committee dreads. A reappraisal is overdue; but there is no need to invoke nightmares in the name of prudence.

MEN AND MATTERS

London unpromoted

"Road and rail communications the best in Britain. Build your new factory in London." Excuse *the amateur advert copywriting,* but does London need a campaign along these lines? Sir Reg Goodwin, leader of the Greater London Council, apparently thinks so, talking in the last few days of how the policy of dispersal now needs changing. "Regeneration" is required in London, he argues, because of the decline in London's manufacturing industry.

On the other hand, contrary views were expressed in a letter to the FT yesterday by David Hall, director of the Town and Country Planning Association, who declared that the main objective of dispersal from London to new and expanded towns "is and always has been to make possible the provision of better and more spacious living and working conditions."

A curious sidelight on the issue is that even if Goodwin's view prevails, a legal ban, unnoticed until recently prevents at the moment any attempt at industrial promotion in London. Goodwin hopes however that what he calls "a small local difference between us and our *national government across the* river" may be resolved by talks now going on.

It was the London Government Act of 1963 which specifically prevents the GLC from promoting London as a spot for new industry, a provision which presumably looked reasonable then because of fears that the South East was enticing industry and jobs away from the rest of the country.

In the last few days, the GLC has disclosed a loss of 500,000 jobs in its area since 1961, and expressed particular concern about the blight suffered by dockland. The 1963 Act has thus, in this one respect, proved an embarrassment.

With the latest reorganisation of local government, the GLC reversed one bit of policy and joined the new Association of Metropolitan Authorities. The council had begun to reckon it had more in common with traditionally troubled urban areas like Tyneside and Merseyside than with other sleeky prosperous parts of the South East.

The AMA has started a "major study" of unemployment in metropolitan areas, though that will take at least six months to complete. According to an association spokesman "special attention" will be paid to the restriction on promotion for London.

Says who

Ian Weston Smith, chairman of Morgan Crucible, starts a short statement with his interim results in wayward style. "Each and every politician, churchman, *economist,* industrialist and investment analyst, who enjoys the freedom to express opinion, is very busy 'hailing the morn in russet mantle clad' —and so they may, because 'things that love night love not such nights as these'."

The first quotation, from Hamlet, is reasonably well known, but the second is more of a teaser. It is in fact King Lear: a case of being thrown by changing sources in mid-stream?

Assessing aid

It is co-incidental that, with a mounting storm of criticism surrounding the fees of the legal profession, barristers on the criminal circuit in England and Wales are being encouraged to fill in time sheets in order to arrive at a clearer picture of just how much their fees are in legal aid cases.

More than 250,000 pink and blue forms have been printed and isued by the Senate of the Inns of Court, and these are expected to last the profession about six months. A further quarter of a million forms will be printed to cover the second half of the year, and Sir Arthur Power, Secretary of the Senate said yesterday: "We hope as many barristers as possible will fill in these forms."

"The cod might have been illegal, *the staff were* probably illegal, but the bill was certainly daylight robbery!"

The forms come in two colours because the top copy will be attached to the barrister's brief when it goes to the trial court's taxing office for payment to be assessed, while the duplicate will be retained by his chambers so that his clerks can gauge whether the right money has been paid. The forms were planned after meetings of barristers last year, and are designed to show every aspect of the work which they do on legal aid criminal cases.

So far the forms have no official status with the Crown Court's taxing officers who work for the Lord Chancellor's office on statutory legal aid regulations. It is hoped however that there will be suitable liaison with them once the scheme gets properly under way.

And the meek . . .

My colleague covering the *Angola situation from Addis* Ababa, gives one cintributary reason for the confused reports which are emerging. In beautiful cablese he explains, "assume my recent stories unarrived since unappeared newspaper. Presumably thise due sunspot activity which upscrewing many ex-Addis messages recently."

But even if he has had trouble communicationg, at least one cynical story has emerged; the story has it that the Almightly looked down on the three warring liberation movements, and decided to offer the leaders of each movement just one wish.

He started with Holden Roberto, leader of the Western-backed FNLA, who hardly paused before requesting that the ground should open up and *swallo Agostinho Neto*, leader of the Soviet-backed MPLA. Neto, *for* his part, declared his wish that a bolt of lightning should descent from Heaven and destroy Holden Roberto.

Finally the Almightey turned to Savimbi, leader of UNITA, *weakest of the three* movements in military terms, but the one sought in alliance, from time to time, by each of the other two. Humbly, Savimbi declared that he had no wish to make—save that the wishes of the other two leaders should be *granted.*

Observer

POLITICS TO-DAY BY DAVID WATT

After the Ted and Maggie show . . .

...76 to be the year of the ...ervatives in Britain as ... was the year of Conserva... in the antipodes? I do not ... so—and nor, I imagine, ... practically any member of ... hadow Cabinet or the Tory ... in Parliament. I doubt ... ner Mrs. Thatcher herself ... es it whatever she may ... said on the wireless last ... end.

... the other hand, if a ... al election is improbable ... 78, there is no reason why ... should not be the year in ... the Conservative Opposi... becomes, for the first time ... February, 1974, a plausible ... native Government. By ... I do not mean an Opposi... capable of winning by... ons or getting the better ... e Government in debates ... rliament. These functions ... bviously important in an ... sition; but ephemeral com... is apt to over-estimate the ... erm significance of gladia... contests which are always ... ly weighted in favour of ... Government of the day.

...eal progress

...is desperately difficult to ... hat verdict we are likely ... ss on the Government's ... ties in the coming months ... will depend on external ... s. What one can predict, ... ver, with some confidence ... t by the end of the year ... Conservatives will have ... real progress towards put... together a platform from ... they could govern if ... sary—the evidence for ... tatement being the modest ... enuine progress that has ... made since last spring.

... situation at that time ... hardly have been more ... ic. The election of Mrs. ... her had been a deeply ... atic experience for the party, not simply because it unleashed all the antagonisms between the "ins" and the "outs" that had been pent up during the latter part of Mr. Heath's reign, but because these animosities represented a genuine disagreement on fundamental questions of policy and doctrine.

To Mrs. Thatcher's admirers the new dawn meant sweeping away what they regarded as the semi-socialist interventionism of the Heath years and re-establishing a purer, freer form of Conservatism. To her opponents and detractors, her suburban accents and a penchant for free market economics spelt electoral disaster.

There was nothing particularly surprising about all this. Such situations are the normal concomitant of palace revolutions. What was worrying was the apparent intransigence of the two sides. Mrs. Thatcher not only had a definite set of instincts and antecedents which were wholly anathema to the other wing of the party, but she surrounded herself with advisers—notably Sir Keith Joseph—who have proclaimed a complete rupture with the immediate past in the most emphatic tones ever since. With Mr. Heath on his side refusing to budge an inch and his friends denouncing every word the new leader uttered, the chances of rapprochement looked pretty slim.

Subsequent events tended to confirm observers in this verdict. So far as propaganda is concerned, Sir Keith Joseph and the "roll-back-the-frontiers" brigade made most of the running, and the Conservative party conference and the new leader's North American tour provided the platforms for some pretty crude statements of narrow middle-class aspiration. Up to November, those who asserted that the centripetal forces of electoral pressure and institutional balance would eventually propel the party back to the centre might reasonably have felt a bit worried about their bets. Now, I would maintain, they can confidently watch their predictions come to pass.

Exactly what has happened is not all that easy to pin down. Mood has a good deal to do with it. But some factors can be identified. In the first place Mr. Heath, who might have been a serious impediment to unity under Mrs. Thatcher if he had played his cards differently, is no longer a major factor in the situation. The Ted and Maggie show is over. He has isolated himself to the extent that even his best friends believe it would be a disaster to all concerned if he rejoined the Shadow Cabinet and that he is for the time being unable to exercise any gravitational pull in the matter of power or policy.

The virtual disappearance of this pole of opinion has allowed the "moderates" on the Heathian wing of the party some room for compromise. At the same time the attraction at the other pole has been reduced. Sir Keith Joseph is still a power in the land. He is still the party's research and policy-making supremo and he expresses, without doubt, many sentiments with which Mrs. Thatcher is in instinctive agreement. On the other hand he is heavily outnumbered in the Shadow Cabinet by those in the Centre and Left of the party who strongly resist his free market purism.

This is not, as some would have it, an accidental overhang from the Heath days which Mrs. Thatcher can easily rectify in her forthcoming reshuffle. The balance is likely to remain much the same in the future because that is where the balance of the Conservative Party in Parliament lies. And the result is not simply that Sir Keith's views on day-to-day matters are frequently brushed aside but that his functions in the policy-making field are severely circumscribed.

The network of policy-making study groups is his concern overall but the individual groups on particular subjects are apt to be chaired by the Shadow Minister whose field is in question and it follows that while Sir Keith and his researchers at the Centre for Policy Studies can feed Freedmanite doctrines of the utmost purity into the machine, they are apt to come out the other end looking very different indeed.

This proposition is best substantiated by a brief glance at the state of play on the main items of economic policy—where one would expect Friedmanite influence to be strongest.

Anti-inflation policy. The old Heathians (who include for this purpose Mr. Maudling) have conceded that the last Conservative Government underestimated the importance of the money supply, but Sir Keith has apparently been forced to concede that the simple abolishing of incomes policy is economically and politically impossible. The fact is now accepted, I should say, by the large majority of Tory policy-makers that if the Conservatives came to power any time this year they could not conceivably dismantle the present Government's anti-inflationary apparatus. Indexation is a popular bolt-hole from this unpleasant observation.

The unions. Everyone can agree that there should be no further "confrontation" between the unions and a Conservative government and that any attempt to return to the Industrial Relations Act is out of the question. Postal ballots and industrial democracy are also widely in vogue. What is much more dubious from the monetarist point of view is the widespread assumption that a Conservative government would have to continue to operate a virtual concordat with the unions and CBI. As one influential and not particularly Heathian policy-maker remarks: "We are all corporatists now."

Taxation. Not much disagreement here about the desirability of cutting taxes but radical free market solutions such as tax credits, negative income tax and the like do not look like getting off the ground in this period of opposition.

Silence

Public Expenditure. Again no argument about the necessity of cutting and little about the desirability of using cash limits as a discipline, but political caution, to put it no higher, can already be detected in discussions about the difficulties of local government and of the nationalised industries.

Lame ducks, etc. No great disposition among Mr. Heseltine's policy-makers to abolish discretionary intervention by government. The NEB might well survive. The criteria governing assistance would in theory be not so very different from Labour's—"it is a viable proposition?"—but even this looks a bit dubious in practice considering Conservative silence over the British Leyland rescue operation.

Economic management. There is general agreement that fine-tuning of the economy has not been a success. On the other hand Keynes is by no means dead in the Tory Party in the sense that certain levels of unemployment (what levels are not specified) are accepted as being politically intolerable and deficit financing is widely recognised as being the appropriate method of preventing them being reached.

It will be apparent from all this that Sir Keith Joseph now has virtually no chance of becoming Mrs. Thatcher's first Chancellor of the Exchequer. For if such is now the drift of Conservative policy, it means that his attempt to establish his party's philosophy on a new footing has, in vital respects, failed, and he is no less than Mr. Heath is becoming isolated from the new consensus. He has, as on observer puts it, "a tele-conscience" because her in-conscience" because her instinctive belief is that political and economic freedoms are connected by a Hayekian link; but she is an infinitely more ruthless and pragmatic politician than he and there are already many occasions when she simply fails to pick up the receiver.

The next battle, of course, is obviously going to be over the vexed question of how these policies are to be presented. The Party activists, having had their spree at Blackpool in October and been feasted on non-consensual rhetoric, will be extremely disappointed if the new Conservatives turn out to be the mixture as before, thinly disguised. On the other hand the essential perception which is ultimately causing party policy to be dictated by the Centre also dictates that it should now be presented in a more national context. In particular the party is absolutely condemned, if it wishes to win the next election, to capturing the votes of working-class electors who have steadily seeped away from the party in the past three elections.

There is in fact, as the monetarists never fail to point out, no necessary contradiction between Friedmanite economics and an appeal to the working class. But in practice the lofty rigours of the monetarist approach do not go down frightfully well with working-class electorate which is probably still more worried about unemployment than about inflation. The most likely outcome of any Conservative argument about presentation is therefore likely, at any rate in 1976, to be to play safe—to concentrate on the personality of Mrs. Thatcher (who turned out according to the polls to be an asset) and to attack the Government's "mismanagement." This is not a heroic or a radical strategy but it is probably the wisest one.

Mrs. Margaret Thatcher at her first radio phone-in: does she always receive Sir Keith Joseph's calls to her conscience?

Letters to the Editor

...wnership of ...sets

From Mr. D. Howell, MP

...—Like Mr. Copeman ...ary 5), I was interested to ... your report of proposals ...nancial participation by ...mployees. ...ittedly, the steel industry ... seems the happiest place ... But I am nevertheless ...le doubt that schemes of ...nd, leading in due course ...bstantial expansion in the ... ownership of industry and ...erce (over and above the ...y enormous indirect ...rship "through pension ... and life policies), have a ... part to play in the ...ry of national vitality. ...t as the aspiration of a ...rty owning democracy has ...t been realised through ...pread of home ownership, ...w ways must be found by ... a new dimension of asset ...ship can be added to this ... I know it is argued that ...oyee share schemes put ...eople's savings at risk. The ... Royce case is often ...d. It is also claimed that, ...y, the shares will always ...ld immediately, thus frus...g the goal of wider owner...

...first point would be valid ... were talking about normal ...nal savings. But the dis...ion of shares to employees ...d be seen as something ...ional, over and above all ...ng pension provision, bonus ...normal wages and salaries. ... is wrong with a connec... between the value of a ... shares in employee hands ...he overall performance and ... as of the firm itself. As ...ogging them off, it is not ...d the wit of man to devise ...tives for deferred realisa... or encouragement through ...ax system to hold on to ... Most of these problems ...e overcome, and many of ... have been in neighbouring ...ries.

... whole issue can be put ... even wider perspective. It ...raordinary that for so long ... who seek a greater spread ...alth in this country should ... been prepared to believe ..." public " ownership and ... capital taxation would ...how achieve this aim. As ...how see very clearly, ...lic " ownership means noth... of the kind; there is no ...er way of concentrating ... ownership and control in ...sive and secretive hands ... through nationalisation, ... high capital taxation con...ates Father than spreads ...

... contrast, a much wider ...ibution of industrial and ...ercial ownership to ...oyees, combined with ...er encouragement to the ...rship both of homes and ... assets, offers the reality ...ealth shared and democracy ...ghened in a way that state ...lism of the very bureaucra... and centralised kind prac... here in Britain cannot ... to deliver.

...d Howell
...e of Commons, S.W.1.

...nooks to ...andilands

...*Mr. N. Greener*

...—Those of us who have ...r been very happy at the ...ort given, both within and ...out the accounting profes... to the proposals of the ...llands Committee Report ... take heart at the manner in ...h Ranks Hovis McDougall ...its auditors, appear to cock a snook at the measures proposed by that Committee in the report for the year to August 30, 1975.

In the notes forming part of the accounts it is pointed out that the basis of stock valuation has been changed. It is now valued at cost or net realisable value. Previously the alternative of a lower replacement price was permitted as Sandilands now would require. At such a time when the accountancy profession is being whiplashed by the law, it is encouraging to note that some companies have the confidence, if not pluck, to move away from current cost accounting standards rather than meekly conform to them.

Michael Greener,
9 Romilly Park,
Barry, Glam.

The PABX market

From Mr. C. Cousens.

Sir,—The writer of "Private Lines to Success" (December 30) is to be congratulated on the accurate content of his article and his understanding of what has always been a highly "political" market.

The introduction of the IBM 3750 has, of course, been followed with great interest by everyone concerned with the PABX market in the U.K. and anyone who has seen it in operation would not doubt its high performance. It is, however, hardly relevant to measure its impact on the U.K. PABX market by a direct comparison of its annual capital order value against that of its competitors. The 3750's correct system application contains a high traffic content of data transmission which has traditionally been provided by a separate, dedicated data processing system. Industry's capital expenditure for any appreciable amount of data processing hardware has not before been attributed to the PABX market. If there is a working 3750 which does not utilise its data switching capability, it is indeed an "expensive gimmick."

The point which was not mentioned in the article and which in my opinion is probably the greatest problem area in the development of the U.K. PABX market is the British Post Office monopoly of the traffic design and planning of all PABXs. Its traffic design techniques are suspect to say the least, and coupled with its lack of technical knowledge at area level, of the various contractors' PABX "packages" have without doubt considerably reduced the impact of the smaller "common controlled" PABX systems.

C. I. Cousens,
Senior Partner,
Communications Design Partnership,
96, Buxton Road,
Stockport.

Accounting for inflation

From Professor A. McCosh.

Sir,—I have recently returned from Brazil, where I had the privilege of discussing the workability of the Sandilands proposals for income measurement on a tax basis with the tax authorities there. The following notes were derived by me from these discussions, and should not be taken as exact quotations from the Brazilian authorities though their ideas were highly influential. As Brazil has been using indexed tax accounting for eight years now, the experience must be of some value to us in the U.K.

The first point to be made is one of difference. The Brazilians have no strong, large, and well trained accounting profession through which the indexation of accounts could be implemented. But they have managed successfully to implement a moderately complex system of indexation, based on a single index. It seems to follow that the U.K. should not find the practical task of implementation insuperable, given the strength of our accounting professions and the incentive of our 25 per cent. inflation rate.

One reason given in support of the use of a single index for inflation adjustment instead of a series of indices, one for each industry group, was the complexity of the latter system. But a second reason was also given, namely social and economic policy. A single index would tend to generate a more burdensome tax liability in a highly inflation-prone industry than in an average industry, while a firm in an industry with little inflation would suffer only a fairly modest tax charge in comparison to the average. The point was made that this was an equitable state of affairs, in that the burden of inflation was felt most heavily by those in the industries which brought about most of the inflation. The concept that inflation is the result of acts by individuals and firms, rather than an exogenous occurrence about which no one firm could do anything, was given as a theoretical support for this designed allocation of the burden.

The message to the tax-payer was clearly intended to be "if inflation is hurting you, do something about it yourself!" The selection of an appropriate responsive action was, implicitly, left in the hands of the individual firm in the high-inflation sectors of the economy. Those who favour the initiative of individual firms as the basic source of solutions to economic problems may find this concept refreshingly non-interventionist.

Problems in the use of an indexed system of income tax accounting were three in number. First there is the problem of classification of assets, to separate those eligible for index adjustment from the rest. If a variety of indices are in use, this practical difficulty would become greater. The Brazilians have evolved an extensive case-law on this matter, having found prescriptive legislation impossibly cumbersome.

A second practical problem is the timing of the indexation allowances. At present the fixed asset index changes annually in Brazil. Firms purchasing assets at different times in the year are therefore affected differently by the indexing adjustment. The practical task of employing more frequent indices has proved very considerable, at least in Brazil. More frequent index valuations would similarly complicate the audit function. Considerable taxpayer attention has been given to this issue, in Brazil, and could be expected to have the same effect here.

The last problem is the most acute. The high depreciation charge made possible by the retention of an elderly asset, which is indexed up to some large multiple of its cost, has led to the retention of some assets far beyond their normal life. In a growing economy like Brazil's that is a minor issue. In an economy such as Britain's with an elderly plant stock to start with, further motivation to defer replacement must surely be redundant. The introduction of a direct grant for scrapping plant, along the lines now in use in Japan, would have more appropriate motivational overtones, and could be used to offset this regrettable side effect of Brazil's otherwise excellent system of inflation accounting for tax purposes.

Andrew M. McCosh,
Manchester Business School,
University of Manchester,
Booth Street West,
Manchester.

Where tax falls

From Mr. W. Richardson.

Sir,—Investment in industry, we are informed, fell by 13 per cent. last year, and will fall by a further 8 per cent. in 1976. The Chancellor of the Exchequer has expressed the view that taxation, in the middle ranges of earned incomes, in particular, ought to be reduced, even if that on investment were to be increased.

Now, while it is correct that institutional organisations provide much of the cash for industry to-day, in the last resort the money they hold is provided by individuals—through insurance companies, pension funds, loans to building societies, etc. About providing some of the funds, as in pension funds, they have little option. But whether they provide money voluntarily or compulsorily, provide it they do. There are, of course, many people who invest as individuals. But an increase in taxation on investment income will affect all of them—those who lend their money via institutions and those who buy shares.

I would have thought that investment incomes, with a 15 per cent. or 10 per cent. surcharge was sufficiently contributing its share towards the national purse, especially with a rate as high as 98 per cent.; and I would like to ask how a further increase in taxation would encourage further investment?

While there may be not many taxpayers entirely dependent on an investment income of little over £1,000, those that are could well be paying a tax rate of 45 per cent. on every £ income in excess of £1,000 and 50 per cent once it passes the £2,000 point.

I think it is scandalous that people with incomes of less than a half of the average are paying taxes at rates higher than those levied on incomes several times as large, where these are largely earned. A man with an income considerably larger than £5,000 could still be paying only 35 per cent.

W. F. Richardson.
34, Queen's Drive,
Fulwood, Preston.

European time

From Mr. J. Munro.

Sir,—There is a report that every country in the European Economic Community should have the same time except Great Britain and Ireland. These two countries would always be one hour behind the others. Over the past few years it has become obvious to anyone working with European connections that changing back to GMT every winter whereby we are at a different time from Western Europe, has been disastrous.

I submit that for us to be working at a different time from other members of the Community throughout the year would be fatal.

J. A. C. Munro,
Director,
Reefer and General Shipping Agency,
3, Lloyds Avenue, E.C.3.

To-day's Events

GENERAL

Joint Ministerial Committee of World Bank Governors begins two-day meeting, Kingston, Jamaica.

Mrs. Barbara Castle, Social Services Secretary, continues Middle East tour to promote British hospital designs and equipment.

Mr. Peter Shore, Trade Secretary, ends visit to India.

Lord Goronwy-Roberts, Minister of State, Foreign Office, ends visit to Brunei and goes to Malaysia to preside over conference of British high commissioners and ambassadors in South-East Asia.

Mr. Yigal Allon, Israeli Foreign Minister, ends three-day talks, Washington.

Mrs. Margaret Thatcher, Opposition leader, continues visit to Egypt.

Strikers at Port Talbot steelworks decide at mass meeting whether to return to work.

OFFICIAL STATISTICS

Personal income, expenditure and savings (third quarter). Gross domestic product (third quarter-revised).

COMPANY MEETINGS

Atlanta, Baltimore and Chicago Regional Investment Trust, 20, Birchin Lane, E.C., 12.30. Plaxton's (Scarborough), Scarborough, 2.30.

EXHIBITIONS

International Boat Show, Earls Court.

Camping and Caravan Exhibition, Olympia.

Thracian Treasures from Bulgaria, British Museum.

OPERA

Royal Opera production of L'Elisir d'Amore, Covent Garden, W.C.2, 7.30 p.m.

English National Opera production of La Belle Hélène, Coliseum Theatre, W.C.2, 7.30 p.m.

D'Oyly Carte production of Trial by Jury and HMS Pinafore, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

BALLET

London Festival Ballet dance The Nutcracker, Royal Festival Hall, S.E.1, 7.30 p.m.

MUSIC

Douglas Rogers gives guitar recital of works by Richard Rodney Bennett, Segovia, Leo Brouwer, Joseph K. Mertz, Dowland, Weiss, Coste, and Villa-Lobos, Wigmore Hall, W.1, 7.30 p.m.

SPORT

Tennis: British junior covered courts championships, Queen's Club.

Golf: President's Putter tournament, Rye.

Table tennis: English open championships, Brighton.

COMPANY NEWS + COMMENT

Allied Breweries £2.8m. increase

AGAINST THE expectation of approximately maintained profits, Allied Breweries has turned in £60.19m. for the year ended September 27, 1975, an increase of £2.8m.

Earnings for Ordinary holders were £29.24m., compared with £27.59m., equal to 6.11p (5.86p) per 25p share. The final dividend is 2.186p for a net total of 3.201p (3p).

Because of a further £18m. rise in working capital there was less available for new investment. Capital expenditure was down £7m. at £33m. and total outstanding orders and authorisations stood at £32m., compared with £54m.

Some medium-term funding has been carried out resulting in the group's net cash position being improved by some £13.5m. The used facilities have been replaced and the total of undrawn facilities remain above £40m.

	1974-75 £000	1973-74 £000
Turnover	*777,029	594,067
Trading surplus	86.714	77.820
Depreciation	17.271	15.074
Trading profit	69.443	62.746
Investment income	3.563	3.873
Associates	1.047	1.084
Finance charges	14.181	10.319
Profit before tax	60.190	57.384
Taxation	29.805	28.912
Minority	637	443
Preference divs.	410	410
Earned Ordinary	29.238	27.597
Exchange losses	1.064	†61
Other gains	3.931	3.802
Available	32.065	31.560
Ordinary dividend	15.456	14.186
Less scrip	—	4.650
Retained	16.629	22.024

* Excluding V.A.T. † Profit.

A number of items previously dealt with through reserves are now included in the profit and loss account; some of these which are of a capital nature are shown separately as gains and losses arising other than from trading (less tax) and comprise: Surplus on disposal properties (including surplus on revaluations now realised) £3.19m. (£3.24m.), on disposal of investments £30,000 (nil), on redemption of debentures £1.38m. (£665,000) and goodwill written off £675,000.

Dividends from U.K. companies which were previously grossed up by reference to underlying corporation tax are now grossed up only by the tax credit.

Statement Page 19
See Lex

HIGHLIGHTS

Allied Breweries' results are mildly disappointing when compared with the other brewers, reflecting a different sales mix and some industrial problems. **Clive Discount** has announced satisfactory results but the market was apparently disappointed with the dividend. Lex also discusses the implications of the **Brown Boveri Kent** rights issue and profits forecast. **Morgan Crucible's** profits are down some 16 per cent. after nine months but the effects of the recent rights issue has left earnings considerably lower. Like Fodens, **ERF** has incurred substantial losses in the first half and it has been necessary to make large cuts in the capital expenditure programme.

Hawkins & Tipson tops forecast

AGAINST A forecast of £1.1m., made at the time of the 3-for-8 rights issue in May, pre-tax profits of Hawkins and Tipson finished the year to August 31, 1975 showing an increase of 39 per cent. from £0.86m. to a record £1.2m. on a 31 per cent. increase in turnover. At midway the advance was from £308,554 to £549,000.

Earnings per 25p share for the year are shown to have risen from 7.9p to 9.94p and the total dividend is lifted from 2.613p to the foreshadowed 3.25p net with a final of 2.55p.

	1974-75 £000	1973-74 £000
Sales	12.047	9.157
Profit	1.201	854
Net profit	564	399
Dividend	272	142

Chairman, Mr. J. E. Hawkins, points out that the results were achieved in the face of the world wide trading recession and the destocking that followed.

The policy of modernisation has not been halted—£900,000 was expended during the year with a further commitment of £600,000 to follow this year. This outlay has sprung from a decision to increase productive efficiency to maintain the growth pattern, the chairman says.

Two companies have been acquired since the issue of the last annual report—S. H. Rainbow (multiple garden requisites), and Fandelsham (now Smith Wires). The overseas interests in Sweden and Trinidad continue to do well and have made valuable contributions to group profits, reports Mr. Hawkins.

He says the group is now well placed to take advantage of any favourable upturn and has shown it has the strength to face very difficult conditions. However, results for the current year will depend upon the timing and scale of the recovery of the economy, members are told.

The company manufactures ropes, wire products, furniture, etc.

• comment

Hawkins and Tipson's profits rose by 39 per cent. last year, though pre-tax profits per share on average capital are only 25 per cent. ahead. Still, last May's £950,000 Rights Issue has helped to reduce borrowings from the high level of £1.8m. reached in the previous year when net worth stood at £2.9m. Steel price rises would have helped to boost turnover although the company says that business from North Sea developments is beginning to make a significant contribution. Exports, meanwhile, at 30 per cent. of sales, are said to have helped offset a continuing destocking situation in the U.K. The shares at 78p yield 6.6 per cent.

Alliance Alders halfway progress

MANUFACTURERS of paper, etc., Alliance Alders, announces a 5 per cent. pre-tax profit expansion from £1.1m. to £1.16m. for the half year to October 31, 1975.

Earnings per 10p share are stated at 2.1p against 1.94p and the interim dividend is raised from 0.4335p to 0.46475p net. Last year's total payment was 1.15494p, from profits of £2.15m.

	Six months 1975 £000	1974 £000	Year 1974-75 £000
Group turnover	12.960	12,055	24.041
Sales to customers	10.526	9.719	19.635
Depreciation	253	202	456
Trading profit	1,115	1,131	2.200
Investment etc inc.	42	67	102
Pension fund	—	130	150
Profit before tax	1,157	1,098	2,152
Tax	605	571	1.113
Minority	36	46	92
Attributable	516	481	945
Preference div.	3	3	6
Ordinary	114	107	263

Chairman Mr. A. M. Meades reports that despite the adverse economic conditions which persisted throughout 1975, group trade was maintained at a reasonable level during the half year.

Since the end of October there has been little alteration in the pattern of trade but any forecast for the four months to the end of the year could be misleading, he adds.

The financial position is strong and its investment programme is continuing. Particular attention is being paid to those projects which increase the effectiveness of its plants and service.

• comment

Compared with other results from the paper and packaging sector recently Alliance Alders' first half performance—profits 7½ per cent. lower before tax and the 1974-75 pension provision—looks remarkably healthy. Within a sales rise of 8 per cent. volume has clearly suffered a significant reduction but the control over production costs has improved largely as a result of increased efforts to achieve vertical integration. So far the group has seen no sign of any increase in sales volume and though cost saving benefits are still coming through profits for the full year are likely to remain virtually unchanged. However, that is still a better result than most companies in the sector are anticipating and given that the group has maintained its strong liquid position (at the end of 1974-75 net cash stood at over £570,000) the shares yielding a prospective 5½ per cent. at 36½p look well supported.

Statement this page

Freddie Mansfield

Mr. Keith Showering, chairman of Allied Breweries.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
AGB Research ......int.	1.3	Feb. 20	0.98*	—	1.93*
Ailsa Investment ......int.	1.4	Feb. 23	1.4	—	3.45
Alliance Alders	0.46	March 5	0.44	—	1.15
Allied Breweries	2.18	March 1	2.07	3.2	3.0
Anston Holdings ...... int.	0.75	Feb. 18	0.5	—	2.0
Clive Discount ......int.	1.0	Feb. 12	1.04	—	1.04
ERF Holdings ......int.	Nil	—	1.66	—	2.36
Halma ......int.	0.56	Feb. 23	0.56	—	1.06
Hawkins and Tipson	2.55	Feb. 14	1.91	3.25	2.61
Hollas Group ......int.	0.80	March 30	0.84	—	3.44
Provincial Cities Tst. int.	0.48	March 3	0.53	—	1.87
Stead and Simpson ...int.	0.5	Feb. 16	0.5	—	2.1
Symonds Engineering int.	0.26	Feb. 27	0.26	—	0.99

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

ERF loss midway—passes interim

HEAVY COMMERCIAL vehicle etc. manufacturers E.R.F. (Holdings) has run into a loss of £264,000 for the 28 weeks ended October 11, 1975, against a comparable profit of £377,000.

The directors feel it would not be prudent to pay an interim dividend, but hope that trading conditions will improve sufficiently to enable them to recommend a final in August.

Chairman Mr. Peter Foden lists the main reasons for the loss as a 30 per cent. reduction in U.K. vehicle sales because of falling demand, a drop in margins stemming from severe competition from both U.K. and foreign manufacturers, and production problems encountered in the introduction of the new "B" series range of trucks earlier in 1975, which has now been satisfactorily overcome.

He can report, however, a turnround to profitability by the South African subsidiary and very encouraging results from the new subsidiary ERF Fire Engineering.

Although European sales have been "very disappointing, reflecting the continuing recession in Western Europe," Mr. Foden points out that overseas sales have risen by 26 per cent. over the corresponding period in 1974

"We are actively engaged in exploring other potential markets including the Middle East, but quick results cannot be expected in what has become a very sophisticated market," Mr. Foden adds.

Although recent weeks have shown an improvement in U.K. demand with ERF's share of the competitive 32-ton market rising following availability of the "B" series—Mr. Foden says demand is still depressed, and warns that any substantial upturn is not likely to influence the 1975-76 results.

But he has reason to be more optimistic about the 1976-77 trading period, both for U.K. and overseas business.

	28 weeks 1975 £000	1974 £000
Sales	11.671	10.910
Trading loss	171	*427
Interest paid	91	50
Loss before tax	264	*377
Tax credit	104	†255
Net loss	160	*122
Currency losses	50	—
Balance	210	122

* Profit. † Charge.

sufficient facilities to maintain the group as a going concern.

But until the assessments and any reorganisations arising therefrom are complete, the bankers are only able to confirm that they will provide such sufficient facilities on a day to day basis, and accordingly the auditors are unable to satisfy themselves that a going-concern basis is appropriate.

• comment

The severe losses from Fodens coupled with the poor trading climate for heavy commercial vehicle manufacturers had already set the scene for a disappointing set of figures from ERF. Nevertheless a turnround of £641,000 into losses of £264,000 over a year took the shares 3p lower at 28p. The trading experience seems to have been similar to Fodens in that vehicle sales were down by a third, while strong competition has meant some uneconomical pricing. Yet the balance sheet is not much worse than in the last accounts. Stocks in fact are 10 per cent. lower at £7½m. and borrowings are unchanged at around £3m. against shareholders' funds of £3.2m. Vehicle production is down to about seven or eight a day against 11 before the slump, and though capital expenditure has been halted, it would only need £0.2m. to double the possible output to 15. Meantime there is no hope of profits in 1975-76, so the aim of the group is adequate cash flow to survive without outside help. The market capitalisatin is £1.23m.

Clive Discount

IN THE six months ended December 31, 1975, the Clive Discount Holdings group has made "satisfactory" profits.

The directors have declared a net interim dividend of 1p per 20p share in respect of the nine months to March 31, 1976, the new year-end. And if trading conditions remain favourable they expect to recommend a final of not less than 1.55p.

Clive was a wholly-owned subsidiary of Sime Darby London until May, 1975, when 10.64m. shares were placed at 48p. For the year ended June 30, 1975, Clive paid a dividend of 1.044p but this would have been 3p had the shares been listed for the full period.

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Stead & Simpson advance

GROUP turnover, excluding VAT, of Stead and Simpson expanded from £6.12m. to £7.8m. in the half year to September 30, 1975, and pre-tax profits advanced from £710,000 to £770,000.

The interim dividend is maintained at 0.5p net per 25p share costing £108,000 (same). Last year's total was 2.09589p paid from pre-tax profits of £1.36m.

	Half-year 1975 £000	1974 £000	Year 1974-75 £000
Turnover ex VAT	7.806	6.115	12.588
Footwear retailing	5.152	4.204	8.544
Motor trading	2.652	1.911	4.044
Trading profit	778	672	1.273
Footwear	638	570	1.050
Motor	140	102	223
Int. charges less inv. income	6	*44	*85
Pre-tax profit	770	716	1.358
Tax	400	372	730
Net profit	370	344	628

* Credit.

In addition, an extraordinary profit of £397,000 after tax was realised during the period relating to the sale of the retail outlet in Briggate, Leeds, which was no longer contributing a satisfactory return on capital employed.

The new warehouse and offices at Syston have been completed and it is planned for all departments to move by the end of February. Cost has been met from existing resources and short term banking facilities with the result that interest charges have exceeded investment income.

Turnover during the third quarter has shown an increase of 15 per cent. for footwear trading and 14 per cent. for motor trading.

Included in the subsidiaries is a Main Dealership for Chrysler U.K. In view of the difficulties of that company "we are taking all possible steps to supplement our motor trading activities in other directions," say the directors.

• comment

Stead and Simpson's 23 per cent. rise in footwear sales is well up on the sector average and together with a strong performance in motor trading—sales here rose by 38 per cent.—this has pushed up first half profits by 7 per cent. pre-tax despite heavy pressure on margins. The respective growth rates are inevitably easing in the current half-year; the comparable period on the footwear side was buoyant while motor trading is now being hit by a fall off in Chrysler sales which must reflect consumer caution in the face of that company's current problems. The group has spent roughly £1.2m. on expansion so far this year—finance charges are now being incurred—but there is unlikely to be any significant impact on borrowing levels. In the last balance sheet these stood at £387,000 compared with shareholders funds of £7.3m. before taking account of a 1973-74 surplus on property valuation of £15.8m. At 33p the shares are yielding 9.9 per cent.

U.U. Textiles qualification

The auditors' report with the annual accounts of U.U. Textiles, referred to in the chairman's statement issued with the preliminary announcement on Wednesday, says the accounts have been drawn up on the normal going-concern basis which assumes that the group's bankers will continue to provide

Good start for North Midland Construction

The current year has again started well at North Midland Construction, and chairman Mr. T. G. Moyle says he is hopeful that the year ahead will be another profitable one for the group.

However, he adds, it is too early and too difficult to make a profit forecast, and measures taken by the Government to cut public spending may well reduce the total workload throughout the industry, and so increase competition accordingly.

As reported on December 15 pre-tax profit for the year to August 31, 1975, rose from £204,296 to £293,505 and the dividend is lifted from 1p to 1.1p net.

The parent again provided the main contribution to group results and the policy of selective tendering, tight control and a greatly improved standard of contracting plant ensured that margins were not eroded in the very competitive field of Post Office duct laying.

It has also successfully extended its activities on the road surfacing side.

The chairman tells members that £274,533 has been spent on replacing and adding to plant and equipment and this programme of investment has been carried out without any undue adverse effect on the liquidity of the group.

ITC Pension Trust and ITC Pension Investments jointly hold 10.42 per cent. of the group's issued share capital. Meeting Nottingham on January 29 at noon.

MTS forms new subsidiary

THE FACT that integrated specialist services are becoming increasingly required for roads projects overseas has led to MTS setting up a further subsidiary company in partnership with major British contractors to undertake turnkey operations.

The new company, Millbank Technical Services Roads has as shareholders MTS, with a controlling interest, John Laing Overseas, Tarmac Construction and George Wimpey and Co. thereby bringing together companies with extensive experience in overseas road building and maximising the expertise and resources which already exist.

MTSR offers a complete management service in its specialist field. Projects currently under examination include proposals to the Federal and State Authorities in N[...] assist them with their F[...] National Development P[...]

Chairman of MTSR is [...] Kirkby and chief exe[...] Mr. D. C. G. Redston.

AGB still sees profit growth

A SLIGHT decline, in li[...] forecast, in first half [...] profits of AGB Research [...] market research group [...] £290,296 to £281,226—has [...] been more than recovered [...] sequent trading, reports ch[...] Mr. B. Audley in his [...] statement.

And, he adds, the str[...] ward order position of [...] group's important trading [...] panies should produce the [...] pated satisfactory profit [...] for the full year to April 3[...]

Normal factors produce [...] profits in the second ha[...] in the first. The taxable [...] for all the year 1974-[...] £679,049.

Stated first half earn[...] 10p share, adjusted for the [...] scrip, slipped from 2.41p t[...] The net interim dividend [...] from equal to 0.977p to 1[...] resenting approximately [...] thirds of the total curren[...] mitted. Previous net eq[...] total was 1.928p paid [...] adjusted earnings of 5.99p

	Six [...] 1975 [...]
Turnover	2.718.9[...]
Profit	281.226
Taxation	154.2[...]
Net profit	126.9[...]
Attributable	124.5[...]
Dividend	[illegible]

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ISSUE NEWS

Lennons—97[...] taken up

Lennons Group's rights [...] raise £1.2m. on the basis [...] for-one at 10p per share h[...] taken up as to 97.147 pe[...] The balance has been [...] 34.875p per share, and [...] proceeds will be distrib[...] entitled shareholders exce[...] no payment will be ma[...] less than 50p.

مكتبة صحر الأحمل

Profit downturn for Morgan Crucible

FALL in profits, before tax, n the £6,355,000 of 1974, to a re in the region of £5.5m. is ected by the directors of gan Crucible for the year , says chairman Mr. Ian ston Smith, in the report for first nine months.

ofits for the nine months are n from £4,714,000 to £3,939,000 the end of the first six ths they were showing a uction from £2,986,000 to 17,000.

ated earnings per 25p share culated on the basis of a nil ibution and the average ber of shares in issue during periods, which takes into unt the rights issue) declined 6.8p to 4.8p. Trading margin down from 13.7 per cent. to per cent. Comparative figures all of 1974 were respectively and 13.5 per cent.

e chairman says that despite "grimness" of the second half 975 Morgan has seen "great lience" in its U.K. Thermic Acorn companies, European ing (as opposed to manufac ng) companies, and group panies in North America, il and South Africa: while, as ing areas, Eastern Europe and Middle East continue "ex ingly robust."

e adds: "In our view, recovery a steady pace is good for its and our basic nostrum in es the conviction that profits good for jobs. Our factories capacity and our manage t . . . is aggressive and un ayed."

sults are compared in the —figures for 1974 have been sted to a basis comparable 1975.

les to third parties overseas rect exports from the U.K. sales made by overseas sub ries—are 55 per cent. of total , the same as the correspond period last year and for the 1974.

nance charges are shown net nterest receivable on short deposits of £220,000 (£17,000 esponding period and £52,000 year).

xation comprises U.K. cor tion tax at 52 per cent. uced by relief for overseas £1,357,000 (£1,319,000— 3,000, for year), and over taxes £783,000 (£1,124,000 £1,296,000), less grants for tal expenditure applicable to depreciation provision £227,000 0,000 and £251,000).

	Nine Months 1975 £000	Nine Months 1974 £000	Year 1974 £000
nal sales:	47,775	45,997	62,686
hon	20,198	18,552	25,883
rmic	16,331	15,658	19,491
tronics	4,914	5,840	7,644
rn	4,238	3,895	5,212
rs	2,049	3,908	4,476
ng profit	5,880	4,168	8,457
hon	1,364	1,961	2,702
rmic	2,849	2,692	3,857
tronics	107	402	578
rn	830	593	775
rs	430	458	540
. income	309	224	256
nance charges	1,750	1,675	2,358
	3,939	4,714	6,392
	1,913	2,253	2,859
rofit	2,026	2,461	3,607
ities & Pf. Div.	249	259	404
utable Ord.	1,777	2,207	3,203
rd. debits	380	48	186

omment

an Crucible is 16 per cent. pre-tax after nine months projecting a profits decline ist over an eighth for 1975 whole. But earnings for the are coming down with much of a bump—to around 6½p are on average capital from in 1974, reducing cover for dividend to around 1½ times. shares have underperformed market since August, and at , are 17½ per cent. short of 1975 peak; yield is 8.1 per Still, there are signs ently of a gradual recovery MC's earnings power outside U.K.—perhaps in the region 50 per cent. of the total— fitting from an improving ern of demand. And last l's rights issue has at least inated the bulk of last year's nce sheet pressures.

Marginal fall at Ailsa

lsa Investment Trust reports s revenue before tax of .003 for the half year to

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims—Amber Day, Empress Services, John Waddington.

Finals—Bett Bros., Flexello Castors and Wheels, Gloucester and Cheltenham Greyhounds, Robert H. Lowe, Speedwell Gear Case.

FUTURE DATES

Interims—

Commercial Bank of Australia .. Feb. 26
Smith Walls .... Jan. 14

Finals—

Brooke Tool Engineering .... Jan. 21
Kershaw (A.) .... Jan. 22
M. and G. Dual Trust .... Jan. 14
Magitt Holdings .... Jan. 19
Rank Organisation .... Jan. 22

November 30, 1975, compared with £199,178 for the previous year's comparable period.

The interim dividend is held at 1.4p net per 25p share—last year's total payment was 3.45429p. The net asset value per share is given as 105.8p, compared with 53p.

Tricoville growth forecast

FURTHER satisfactory growth for Tricoville, which designs, produces and markets fashionwear, was forecast yesterday by Mr. D. A. Jacobs, chairman, at the annual meeting.

He also disclosed that the company was seeking ways of increasing knitwear production in the U.K., following the Government's recent textile import controls. "This requires finding knitwear factories which have available capacity, and surprisingly this is not as easy as it may seem," he said.

Trading at Tricoville was continuing at a satisfactory level, Mr. Jacobs concluded, with sales targets all being met, and further satisfactory growth was expected. Pre-tax profit for last year was 26.3 per cent. up at a record £373,908.

Rea Brothers Isle of Man formation

Rea Brothers is in the course of forming a new wholly-owned subsidiary, Rea Brothers (Isle of Man), to trade as a licensed bank in Douglas, Isle of Man. Paid up Ordinary share capital of the new bank will be £250,000.

Chairman will be Lord Brookes; the other directors will be Sir George Farmer, Mr. Walter Hartley and Mr. Anthony Townsend, and the manager of the new bank will be Mr. Alan Crowe.

Lord Brookes, Sir George Farmer and Mr. Crowe are Manx residents; Mr. Hartley is a director and Mr. Townsend a manager of the parent company.

Through the parent company, the full range of merchant banking services offered by a London accepting house will also be available. It is expected that the new company will be in a position to commence business at the beginning of March next.

Wolverhampton Bldg. Society

Wolverhampton Building Society announces that assets at the end of 1975 stood at £66m. The increase during the year amounted to £8m. and represented a 14 per cent. growth.

During the year the Society lent £10.5m. on mortgage, an advance of almost 25 per cent. over 1974. In addition, it was able to repay the loan of £1.2m. from the Government under the 1974 Loan Scheme negotiated by The Building Societies Association.

Mr. P. Court, joint general manager, commenting on the figures, said the number of advances increased to 1,560 from 1,224 in 1974. The increase in overall lending therefore, represented a genuine increase in assistance to house purchasers not accounted for by inflation of house prices, he pointed out.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975/6 High	1975/6 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
	F.P.	—	535	530	Ang.Am.Coal Corp. 50c	535		MQ38c	2.8	4.0	—
	F.P.	—	$12¾	$12⅛	Brazil Fund S.A.	$12⅛		—	—	—	—
	F.P.	7/11	330	260	Blandford G'd M'mg 10c	285	−3	—	—	—	—
	F.P.	—	£36⅝	£29¾	Hughes Tool $1	£35⅝		Q40c	—	0.5	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1975/6 High	1975/6 Low	Stock	Closing Price £	+ or −
	F.P.	23/1	100¾	99½	Essex Water 9% Red. Pref. 1981	100¾	
	50	—	950p	820p	Jardine Math. 7½% Conv. Uns. 1990	950p	
	—	16/2	100	92	Pentos 15% Conv. Uns. 1985	100	
	F.P.	17/11	50	45p	Singlo 10% Cum. Conv. Pref.	46	−½
	F.P.	20/2	115½	110	Tenneco 10% Sterling S Conv. 91-95	115½	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1975/6 High	1975/6 Low	Stock	Closing Price p	+ or −
	F.P.	19/12 30/1	180	180	Anglo-Am Asphalt	180	+2
	Nil	16/1 —	53	30	Bank of Nova Scotia	47pm	−1½
	F.P.	11/12 30/1	146	94	Berisford (S & W)	146	
	F.P.	12/12 16/1	365	332	British Home Stores	357	+2
	Nil	— —	9	4	Brooke Bond	9pm	+1½
	F.P.	12/12 12/1	56	47	Capper-Neill	52	
	F.P.	8/1 13/2	125	115	Eagle Star	125	
	F.P.	5/1 30/1	61	60	Ellis & McHardy	60	
	F.P.	19/3 20/2	75½	64½	Fairey	75	+½
	F.P.	9/1 30/2	79	75	Green's Economiser	77	+1
	F.P.	15/12 13/1	89	64	Hunting Assoc. Inds.	89	+1
	F.P.	17/12 16/1	140	121	Kwik Save Discount	140	
	Nil	— —	15½	10½	Lake & Elliot	15½pm	+2
	F.P.	9/1 23/1	38	34	Lennons Group	38	
	F.P.	22/12 30/1	34½	29	Lighting & Leisure	31	
	F.P.	19/12 16/1	84	75	Mowlem (J.)	84	
	Nil	30/1 13/2	155	125	Nat. Bank of Aust.	150pm	
	F.P.	9/1 13/2	76	64½	Plessey	75	+2
	F.P.	31/12 5/2	58	52	Pullman (R & J)	57	
	F.P.	28/11 30/1	40	35	Raybeck	40	+½
	F.P.	19/12 30/1	134	118	Runciman (W.)	133½	
	F.P.	19/12 21/1	43½	38½	Spillers	43½	
	Nil	— —	28	23	Trafalgar House	28pm	+1
	F.P.	12/12 16/2	70	64	Watson & Philip	66	

Renunciation date usually last day for dealing free of stamp duty. a Placing to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. ... Pence unless otherwise indicated. ... Forecast dividend: cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ... Issued by tender. ... Offered to holders of Ordinary shares as a "rights". ... Rights ... by way of capitalisation. †† Tender allotment price. ... Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ... Introduction. ... Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ‡ With warrants.

Improving trend for Hollas

FIRST HALF (to September 30) profits of Hollas Group have risen by £47,225 to £227,713, showing some recovery towards the £310,000 achieved in 1973.

Chairman Mr. A. R. Lawson says the improvement reflects the success of the Fortwell reorganisation and the fact that the processing, merchanting and label manufacuring divisions have greatly increased their trading activities in the last two months of he period, a recovery which is currently being consolidated.

He reports a substantial reduction in borrowings since March and efforts will be maintained to achieve even stronger liquidity. Together with a much improved forward order position, this ensures that the group faces an uncertain future with confidence.

Earnings are shown as 2.56p *(2.00p) per 5p share, and fully* diluted as 2.52p (1.87p). The interim dividend is stepped up by 10 per cent. from 0.8375p to 0.89375p net. Total for 1974-75 was 3.4375p when profits were £323,000, against £854,000 in the preceding year.

	First half 1975 £	First half 1974 £
Turnover	5,501,109	5,198,688
Profit before tax	227,713	180,488
Taxation	118,411	93,854
Net profit	109,302	86,634
Interim dividend	38,088	34,749
Retained	71,214	51,885

Principal group activities are the processing and merchanting of yarns, manufacturing of woven labels and decorative ribbons, etc.

Bradford and Bingley lends record £132m.

Bradford and Bingley Building Society reports record mortgage lending in 1975 of £132m., an increase of £64m., or 94 per cent., over 1974.

Of the loans 37 per cent. were to first-time purchasers, and 52 per cent. to people aged 30 years or less. One loan in five was granted to people with incomes of less than £50 per week, and one loan in eight was for 90 per cent. or more or house value.

Investment receipts were at a constant high level during the year and despite the record lending, liquid funds are at a satisfactory level of £113m. or 19 per cent. of total assets, which will enable the society to maintain the current high level of mortgage lending well into 1976.

	1975 £m.	1974 £m.
Advances	132	68
Income after w'drawals	78	31
Liquid funds	113	100
General reserves	21.5	19.8
Assets	600	505

Fidelity American Assets

The first public offer of shares in the Fidelity American Assets Fund has been announced by Fidelity Management and Research (U.K.), a member of the Fidelity Mutual Fund Group of Boston, Mass.

The fund, which is based in Curacao, was started in October, 1974, and a loan facility is being arranged to enable U.K. investors to substantially reduce exposure to the investment currency premium and fluctuations in exchange rates.

The management philosophy is to seek out growth opportunities among stocks with solid investment value that are generally priced at or below the book value of assets.

Abbey Life launchings

Abbey Life Assurance launched two new investments products on January 1 which replace two existing funds. The first is the Abbey Managed Fund which replaced the *existing Selective Bond. This fund* will invest in a wide range of media, equities, property, money and other funds, including authorised unit trusts.

The second is the Abbey Life Security Plan which replaces the Investment Plan. This offers a number of new features including an initial choice of investment into the Abbey property, equity or manage funds and a variation of choice of funds for new premiums at five yearly intervals.

It also gives investors the option during the final five years of the selected period of switching into one of these funds or into the money fund. There is also a guaranteed maturity option and a new method of calculating the cash-in value by using a different method of unit allocation.

Catering Services

A new catering group called Catering and Allied Services (International) has been formed in association with the Halshaw Group, a northern motor sales company.

The new company specialises in the implementation of modern methods in staff restaurants to achieve a lower ratio of costs per employee through higher efficiency and better buying.

Operating in the U.K. through Catering and Allied Services (London), and in Holland through Holland Catering Specialists BV, the management team includes Marc Verstringhe (chairman), Kit Cuthbert and Jop Koops.

National and Commercial well placed for upturn

ADDRESSING the annual meeting of National and Commercial Banking Group held in Edinburgh yesterday, the chairman, Mr. J. O. Blair-Cunynghame, said that since November 6, when he completed his statement circulated with the report and accounts, there had been no major developments to change the views which he expressed then regarding the "deep-seated" weaknesses in the economy.

The chairman added—"There have been encouraging signs that the recession is abating both at home and abroad and certainly our domestic rate of inflation, though still unacceptably high, has slowed—as indeed it had to—but the task of overcoming the underlying difficulties remains formidable.

"With the notable exception of export finance there is as yet no clear evidence of a revised demand for bank credit and probably we should not expect much of this during the remainder of the group's current financial year.

"With continued progress in slowing inflation and growth of confidence that the worst of the recession is passed, however, the banks will be well placed to participate in the revival of business activity and personal spending which should follow," Mr. Blair-Cunynghame told the meeting.

Midterm rise at Symonds Engineering

Precision engineers, sheet metal workers and jig and tool manufacturers, Symonds Engineering (a "close" company) improved its pre-tax profits from £89,000 to £128,000 in the half year to September 30, 1975, on sales up from £767,000 to £925,000.

Earnings are shown to be up from 0.777p to 1.144p per 5p share. The interim dividend is 0.2625p net (same)—last year's total was 0.9932p paid from taxable profits of £248,000.

	Half-year 1975 £	Half-year 1974 £	Year 1974-75 £
Sales	925,000	767,000	1,715,000
Profit	128,000	89,000	248,000
Tax	70,000	49,000	134,000
Net profit	58,000	40,000	114,000
Preference divs.	1,313	1,313	2,626
Interim Ord.	13,125	13,125	13,125

The directors report that the company is now feeling the effects of the economic recession, which has resulted in a slackening of activity in certain areas. The objective, they say, will be to maintain a level of profit comparable with last year.

First half setback at Halma

MANUFACTURERS of air-conditioning and heating products, etc., Halma, reports that after interest of £38,962 against £32,816, profits fell sharply from £152,811 to £65,792 in the half year to September 30, 1975, subject to tax of £34,212, compared with £79,462.

Turnover was little changed at £2,897,573 against £2,903,010.

Earnings are shown to be down from 1.55p to 0.67p per 10p share. The interim dividend is held at 0.56p net—last year's total was 1.0686p paid from profits of £317,873 before tax.

Net assets are given as 44p compared with 42p per share.

The directors say that the total order book has been maintained at "a not unsatisfactory level" and at the end of November, 1975, was within 13 per cent. of that at the corresponding time in 1974.

Total borrowings remain at less than 25 per cent. of capital employed and adequate internal resources exist for financing continued growth, they tell members.

Last month the group acquired 25 per cent. of the capital of B. V. Handelsbureau De Sleutel of the Netherlands, and all the capital of Service Electric Company. The directors believe these acquisitions will have a favourable impact on profits in the current year.

Provincial Cities

Profit for the half year to November 30, 1975, of Provincial Cities Trust fell from £57,391 to £23,772 after tax of £16,339 compared with £31,458.

The net interim dividend is 0.48p, against 0.525p per 25p share. Last year's total was 1.865p paid from net profit of £98,677.

As at January 13, James Finlay Corporation held 28.9 per cent. of the equity.

Jardine Japan status query

Following the submission of the 1974 accounts of the Jardine Japan Investment Trust to the Revenue, the inspector has indicated that there are reasons why the company should not be approved for investment trust status for that year.

This possibility was foreshadowed in the interim report sent to shareholders last September.

Discussions on the matter are continuing but the company emphasises that, in the event of an adverse decision, no additional liability to tax would be occurred where the company is concerned. Apparently there is every reason to believe that approval will be given in 1975.

Loss of investment trust status does have an adverse effect on the tax position of the shareholder himself, if he sells his shares.

Somportex midway advance

FOR THE six months to October 31, 1975, Somportex Holdings reports an improvement in taxable profit from £105,595 to £116,330 and in earnings per 25p share from 6.76p to 7.98p. Profit for the last full year totalled £192,818.

The directors state that although there has been an increase in both pre- and post-tax profits in the first half, there are rationalisation and development expenses in the grocery sector.

The confectionery sector has performed on target both for sales and profits, but increasing signs of sales resistance show that the company may not be able any longer wholly to avoid the downturn which is affecting this trade.

The rate of increase in turnover at 38.5 per cent. is in excess of the rate achieved for the corresponding period.

	Half year 1975 £	Half year 1974 £
Turnover exclud. VAT	1,688,183	1,218,777
Profit before tax	116,330	105,595
Tax	60,492	34,909
Net profit	55,838	50,686

Caravans Int. on target

The forecast that attributable profits of Caravans International would be "markedly higher" this year was confirmed at yesterday's annual meeting.

Sales so far were roughly on budget but the "penal" 25 per cent. rate of VAT was still affecting the sale of touring caravans in the U.K., members were told.

ALLIED BREWERIES LIMITED

Preliminary Announcement of Annual Results

The Directors of Allied Breweries Limited announce the results for the 52 weeks ended 27th September 1975 and these, with the results for the previous year, adjusted to take account of changes in accounting policies, are shown below.

The Directors intend to recommend a final dividend in respect of the financial year ended 27th September 1975 of 2.186p per ordinary share making with the interim dividend of 1.015p already paid a total of 3.201p per share. These dividends together with the associated tax credits are equivalent to a gross of 4.925p (last year 4.478p) which is the maximum permitted under the Government counter-inflation measures. Subject to confirmation at the annual general meeting the final dividend will be paid on the 1st March 1976, to shareholders on the register at the close of business on the 23rd January 1976.

Following the increase in working capital of more than £40 million in 1973/74 there has been a further rise of £18 million this year, a major part of which is the direct result of the very large increase in excise duties last April. This has reduced the amount available for new investment. Capital expenditure was £33 million compared with £40 million in the previous year and the total of outstanding orders and authorisations is £52 million as against £54 million a year earlier.

Some medium term funding has taken place during the year and as a consequence the group's net cash position has improved by approximately £13.5 million. The used facilities have been replaced and the total of undrawn facilities remained in excess of £40 million.

Group Profit for the 52 weeks ended 27th September 1975

	1974/75 £'000s	1973/74 £'000s
Turnover (exclusive of VAT)	737,029	594,067
Trading surplus before depreciation	86,714	77,820
Deduct: Depreciation	17,271	15,074
Trading profit	69,443	62,746
Add: Investment income	3,883	3,873
Associated companies	1,045	1,064
	74,371	67,683
Deduct: Finance charges	14,181	10,319
Profit before tax	60,190	57,364
Deduct: Tax on above profit	29,905	28,912
	30,285	28,452
Deduct: Minority interests	637	445
Preference dividends	410	410
Earned for ordinary shares from operations for the year	29,238	27,597
Foreign currency exchange (losses)/profits	(1,086)	61
Gains and losses arising other than from trading (less tax)	3,933	3,902
Available for ordinary dividend	32,085	31,560
Ordinary dividends		
Interim	4,901	4,381
Recommended final	10,555	9,785
	15,456	14,166
Less part of dividends taken in shares	—	4,630
	15,456	9,536
Profit retained transferred to revenue reserve	16,629	22,024
	32,085	31,560
Earnings per share from operations for the year	6.11p	5.86p

NOTE

The following changes have been made in the group's accounting policies in view of the publication of further statements of standard accounting practice. Where appropriate, the comparative figures have been adjusted to reflect the current policy.

Special Items

A number of items previously dealt with through reserves are now included in the profit and loss account; some of these which are of a capital nature are shown separately as "gains and losses arising other than from trading (less tax)" and comprise:—

	1974/75 £'000s	1973/74 £'000s
Surplus on disposal of properties (including surplus on revaluations now realised)	3,194	3,237
Surplus on disposal of investments	30	—
Surplus on redemption of debentures	1,384	665
Goodwill written off	(675)	—
	3,933	3,902

Trade Investments

Dividends from United Kingdom companies which were previously grossed up by reference to underlying corporation tax are now grossed up only by the tax credit.

MINING NEWS

They are not out of the wood yet

BY KENNETH MARSTON, MINING EDITOR

THE RECENT revival in demand for previously dormant shares of companies with important base-metal interests is, understandably enough, based on anticipations of a similar revival in metal prices. But reminders that the metal producers see no early end to difficult market conditions for their products continue to come along.

The U.S. zinc producers, for example, are still cutting their domestic prices. And in Australia it is now being said that the four big iron ore operations there, Hamersley, Mount Goldsworthy, Mount Newman and Robe River, may consider themselves lucky if they do no worse than break even this year.

While living with the inevitable rise in costs coupled with none-too-easy labour relations, these Pilbara mines now face the near-certainty that the big Japanese buyers of iron ore will exercise their options to cut purchases by 10 per cent. in 1976; Japan's planed steel production for this year is put at 96m tonnes, compared with 102m. tonnes in 1975. Furthermore, reduced demand for iron ore is expected from the European steel mills which are carrying high stocks.

Zambian copper

The outlook for the Zambian copper mines is further clouded by loss of the important Angolan transport facilities. And it is reported from Lusaka that Mr. Francis Kaunda, managing director of Nchanga Consolidated Copper Mines fears that the company may lose K100m. (£76.5m.) in copper sales this year following the slump in copper prices.

Nchanga has abandoned projects at the Kansanshi mine, Solwezi and stage 3 of the Chingola tailings leach plant. The other major Copperbelt group, Roan Consolidated Mines, has now decided not to open the new Kalulushi mine according to the managing director, Mr. David Phiri. RCM were 170p yesterday.

MARRA MAMBA DISAPPOINTS

Development of the high purity Marra Mamba iron ore deposits in the Pilbara region of Western Australia has received a setback following results of tests on ore samples recently undertaken by potential Japanese steel mill customers.

Japanese reaction to the samples was not as enthusiastic as had been anticipated and it has been suggested that the lump ore may have to be sintered before being used in blast furnaces. It also appears that the finer ore will have to be further processed, possibly into pellets.

Two Australian groups have sent ore samples from Marra Mamba to Japan in the past year, these being the Mount Goldsworthy consortium consisting of Consolidated Gold Fields plus America's Utah International and Cyprus Mines and the Marandoo group, joint venturers in which are Hanwright and America's Texasgulf. Both groups are seeking contracts before they undertake development of their respective deposits, the cost of which is now put at over $500m. (£309.5m.) in each case.

ENEABBA COSTS STILL RISING

Total borrowings now arranged for Allied Eneabba amount to $25m. (£15.48m.) according to Mr. D. J. Straw, chairman of Allied Minerals, which has a 75 per cent. stake in the Western Australian beach sand minerals operation, the remainder being held by America's Du Pont. In June, 1974, the capital cost was estimated at $13.2m.

The company's first major shipment of heavy minerals (1,500 tonnes) took place at end-November from which it was anticipated that revenue would be received early this month. Liquidity depends on the company meeting its sales commitments, he added.

Target capacity is for not less than 450,000 tonnes of minerals a year and although the dry mill has been having mechanical problems the production rate is now increasing and is up to about 50 per cent. of capacity. Allied Minerals were 65p in London yesterday.

ROUND-UP

The new Frs.43.3m. (£4.8m.) Minatome SA has been formed by the Pechiney Ugine Kuhlmann and Compagnie Francaise des Petroles groups. The joint venture company will regroup the partners' interests in uranium exploration and production.

Values ranging up to 2,137 cm.-grams (491 inch-dwts) gold and 5.9 cm.-kgs. uranium have been obtained by South African Land and Exploration in a fifth deflection of borehole W5 in the company's Withok area. The highest gold result obtained from W5 in previous work was 4,503 cm.-grams.

A bid for the shares which it does not already own in Australia's Norseman Gold Mines is to be made by Hollandia. Details are to be issued when documentation is completed and the necessary approvals obtained. Norseman incurred a consolidated loss of $334,000 in the year to last June compared with a loss of $290,000 in the previous year.

Ayer Hitam's good output

A FEATURE of the latest batch of tin concentrate outputs for December is provided by Ayer Hitam with its best monthly figure since that for January, 1975. The latest output brings the mine's six-month total to 1,258 tonnes compared with 1,315 tonnes in the same period of the previous year but, as the chairman pointed out recently, Ayer Hitam's full total for the current year to next June could exceed that for 1974-75.

Most of the Malaysian mines, however, appear to be heading for reduced production in their current financial years and all have to live with the varying effects of tin export quotas imposed by the International Tin Council in its efforts to bolster the tin price.

Sungei Besi has now produced 1,436 tonnes for the past 9 months compared with 1,701 tonnes at this time a year ago while Tronoh's full 1975 total comes out at 2,580 tonnes against 3,077 tonnes for 1974. The group's latest output figures are compared below.

	Dec. Tonnes	Nov. Tonnes	Oct. Tonnes
Ayer Hitam	376	214	201
Sungei Besi	148	137	172
Sungei Way	49	41	47
Tronoh	229	223	230

Despite its best monthly output since last May, Gopeng's 3-month total is lagging at 554 tonnes compared with 591½ tonnes a year ago. The single-dredge producer, Tanjong, completes its year with a total of 257½ tonnes compared with 336½ tonnes for 1974. The Gopeng group outputs are detailed in the following table.

	Dec. Tonnes	Nov. Tonnes	Oct. Tonnes
Gopeng	196½	173½	182
Tanjong	21½	19½	18
Idris	32	31½	32
Pengkalen	12	14½	14½
Petaling	64	109½	129

ALWEST NEEDS MORE PARTNERS

Although the go-ahead for the big Alwest bauxite-alumina project was given last January, providing certain environmental conditions were met, the senior project officer of the Western Australia venture now says that the partnership of other companies is still needed before it can get off the ground.

The two Australian venturers, Broken Hill Proprietary and News Ltd. along with the other partner, America's Reynolds Metals, are holding discussions with interested parties in Europe, the U.S. and the Middle East. The Australian partners, in line with Federal Government wishes, will retain a major interest in the mining operation but it will be necessary for the refining to be handled mainly by overseas companies.

If Alwest's partners decided to go ahead now with the project, it is reckoned that first exports of alumina would be in about 4 years with a planned production of 1m. tons a year. The 900 acre site at Worsley, 125 miles south of Perth, has been bought and planning completed on mining railway and refinery construction.

BIDS AND DEALS

U.S. companies study Burmah Oil

A SPOKESMAN for Crown Central Petroleum, of Baltimore, which, jointly with the National Co-operative Refinery Association, of Kansas, is examining Burmah Oil's U.S. operations to permit the possible formulation of an offer, said yesterday that the company was looking at Burmah's total properties.

But he was unwilling to comment on the possible financing implications of any approach which might be made following the investigation. In 1974 Crown made sales of $412m. and had net earnings of $10m. and net assets of $178m.

Questioned whether this was a big enough base from which to launch a possible cash offer for Burmah's U.S. assets—valued at over $550m. by Burmah—the company secretary, Mr. William Schnieder, said it was inappropriate to comment on financing.

On Wednesday, in New York, Burmah's New York financial advisers Kuhn Loeb confirmed that Burmah had agreed to hand over comprehensive information about its U.S. business and properties to the two small U.S. oil companies.

Subsequently Crown Central itself and NCRA said the information was being made available in order to help them decide whether they wish to make an offer. Crown emphasised that there was no agreement beyond making information available.

In the spring of last year Burmah announced that it wished to sell its U.S. assets in order to pay off its large U.S. debts, which have been guaranteed by the Bank of England.

See Lex

RHP—MTE

The offer on behalf of Ransome Hoffman Pollard for the Ordinary share capital of MTE has been declared unconditional. Acceptances have been received in respect of 9,011,078 shares (approximately 87.6 per cent.) of which 136,817 are in respect of the cash alternative. The offer remains open but the cash alternative closed January 7. Dealings in the new shares in RHP to be issued are expected to commence to-day for special deferred settlement on February 3.

It is also announced that holders of the 6½ per cent. Convertible Unsecured Loan Stock 1984-89 of MTE have sanctioned the scheme for the exchange of the stock for 8 per cent. Convertible Unsecured Loan Stock 1984 of RHP. Dealings in the RHP stock are also expected to commence to-day.

SHARE STAKES

Slater, Walker Securities and its subs, etc., no longer have an interest in 10 per cent. or more of the ordinary shares capital of Blundell-Permoglaze Holdings.

Centreway Securities states that, as a result of the issue by RTD Group of 86,062 Ordinary shares in respect of an acquisition agreement, the shareholding of Centreway via its wholly owned sub.—Centreway Investments — is reduced from more than 10 per cent. to 9.97 per cent. of the increased capital of 2,225,868 shares.

J. Sissmore has purchased a further 4,000 Moran Tea Holdings shares at 100.5p and is now interested in 19.98 per cent. of the capital.

Placing of Phoenix share block

As part of a review of its investment policy, which has involved a decision to lighten its investment holdings in Ordinary shares, Friends Provident Life yesterday placed a block of 1.5m. shares in Phoenix Assurance with a number of institutional investors.

The price at which the shares were placed, by stockbrokers Cazenove, was not disclosed but, taking the overnight price of Phoenix on Wednesday of 208p, a value of around £3m. is put on the transaction.

The sale brings Friends Provident's holding in Phoenix down to 6m. shares or just over 10 per cent. The shares which it has sold were acquired in June of last year as a result of the Phoenix rights issue.

Padang Jawa gets offer

As a result of recent purchases at 15.25p per share Aries Holdings is now interested directly and indirectly in 50.1 per cent. of the capital of Padang Jawa Rubber Estate.

In compliance with the City Code a similar offer will be made to all other stockholders.

SCOTTISH OFFSHORE ACQUISITION

Scottish Offshore Investors has agreed terms for the acquisition of Geen Adams Associates ("GAAL") from Mr. D. F. H. Geen and Mr. M. P. L Adams, both directors of Chansitor who will retain the significant interests that they each own in Chansistor as individuals.

GAAL's primary asset is approximately 18 per cent. of the issued capital of Chansitor. Following completion of the acquisition GAAL will underwrite a rights issue of Ordinary shares and Floating Rate Subordinated Convertible Unsecured Loan Stock, 1985, of Chansistor to raise approximately £116,000.

As a result of this transaction, Scottish Offshore's interest in Chansitor will increase to 20 per cent. and could rise to approximately 33 per cent. after full conversion of the loan stock.

In addition, Scottish Offshore has agreed to procure working capital facilities of up to £100,000 for Chansistor.

BENJAMIN PRIEST

Benjamin Priest and Sons (Holdings) has alloted to the vendors of Integrated Developments a further 60,000 Ordinary shares in connection with the acquisition of that company in 1973.

Arbuthnot—Chancery

The formal offer documents relating to the Arbuthnot Latham Holding bid for Chancery Consolidated have now been posted. The Board of CC is recommending the terms, and the scheme for the 8 per cent. Convertible Unsecured Loa nstock 1978 of CC.

Terms of the new ALH 8 per cent. Convertible Unsecured Loan stock 1986 to be issued have been amended so that it will now be convertible between 1976 and 1982, as opposed to 1980, and after December 31, 1978 (repayment date of the CC Loan stock) the rate of interest payable on any ALH new stock outstanding will be increased from 8 per cent. to 9 per cent. per annum. Conversion terms are unchanged.

HALFORD SHEAD

In response to the offer on behalf of Alexander Howden for all the capital of Halford Shead, valid acceptances have been received for 3,610,717 shares, some 93.3 per cent. of the 3,868,231 shares for which the offer was made.

The offer has been declared unconditional subject only to the new Ordinary shares to be issued by Howden being admitted to the Official List. Dealings are expected to commence on Monday. The offer remains open.

ASSOCIATES DEALS

J. Henry Schroder Wagg bought 100,000 Halford Shead non-assented at 295p on behalf of associates.

They also bought 12,000 Alexander Howden at 133p for associates.

MYDDLETON HOTELS

On behalf of Mr. S. Lewis 271,269 Myddleton Hotels Ordinary shares have been sold. They have been placed by Joseph Sebag and Co. with institutions and clients among whom are directors of the company.

BATLEYS DEAL

Batleys of Yorkshire proposes to acquire the 3,600 Ordinary shares (20 per cent.) of Wakefield Wine not already owned for £34,452.

NEW LIFE BUSINESS

Record 1975 figures

New annual premiums for life assurance and annuities grew by 26 per cent. in 1975 to £943m. from £748m. in 1974, according to figures issued by the three life associations—The Life Offices Association, the Associated Scottish Life Offices and the Industrial Life Offices Association.

However, single premium business last year fell by 54 per cent. to £248m. as a consequence of the virtual disappearance of guaranteed income bond business. New sums assured rose by 31 per cent. to £34.1bn. (£26bn.) and new annuities by 17 per cent. to £1.1bn. per annum.

Mr. Kenneth Allen, chairman of the LOA, says these record figures represent an impressive vote of confidence in life assurance from the regular saver during a year of very high inflation.

The figures include all forms of life assurance and annuities, both U.K. and overseas, including linked life business, occupational pension and group life assurance schemes. A complete breakdown of the final new business figures would be published later in the year.

Among individual companies reporting yesterday was Guardian Royal Exchange, with world-wide new sums assured, net of reassurances, at £2bn. (£1.59bn.). New annuities amounted to £39m. per annum (£35.2m.). New annual premiums increased to £29.2m. (£24.3m.) while new single premiums were £12.9m. (£22.4m.).

CONFEDERATION LIFE INSURANCE (OF CANADA)—The U.K. organisation business shows new annual premiums £1.90m. (£1.49m.) and single premiums £237,400 (£342,000).

EQUITY AND LAW LIFE ASSURANCE—New sums assured £890.6m. (£895.7m.), made up of £830.2m. (£795m.) under individual policies and £43.9m. (£39.6m.) under new group policies and £123.4m. (£41.1m.) increments to existing group policies. New annuities £24.6m. (£18.3m.), including £1.5m. (£1.5m.) under individual contracts. Total new annual premium income £16.4m. (£12.6m.) being £11.9m. (£9.1m.) under life policies and £4.5m. (£2.9m.) under annuity contracts. In addition, new annual premium income under managed fund contracts £0.9m. (£1.9m.). Total new single premium income £7.9m. (£7.5m.)—under life policies £5.0m. (£2.6m.) and under annuity contracts £2.9m. (£4.9m.).

Film groups merge deal agreed

BY JOHN CHITTOCK, INDUSTRIAL FILM CORRESPONDENT

AGREEMENT has been reached in principle for control of one of the oldest and most well-known names in the sponsored film business—the Film Producers Guild—to be relinquished by the Charterhouse Group.

The consortium of film companies—which, although a commercial operation, has always been something of a father-figure in the film industry—is to merge with Cygnet—a privately-owned company which has seen a prolific growth in its activities over the past few years.

The Film Producers Guild became a wholly-owned subsidiary of the Charterhouse Group in 1969, when this relatively large operation was in danger of becoming an anachronism. (The producer operating from a desk with a telephone has tended to displace the big front office operation in sponsored films).

Present shareholders of Cygnet Films will take an 83 per cent. holding in the new company, to be known as Cygnet Guild. Charterhouse will retain a minority interest.

Mr. Rae Evans, who has built up Cygnet from a modest 16 mm unit to a group that now expects an annual turnover exceeding £1m., will remain the controlling shareholder.

The new company will undoubtedly become the largest sponsored film operation in the world, with not only other new Cygnet acquisitions, such as old-established Rayant Pictures, but also the recent opening of offices in Switzerland and the U.S.

All technical staff at the Guild have been offered employment in the new organisation, which will operate both from Cygnet's old headquarters at Bushey Studios, Hertfordshire, and the London offices of the Film Producers Guild in St. Martin's Lane.

The film and video distribution company, Guild Sound and Vision, also owned by Charterhouse, is unaffected by the deal.

For many people in the sponsored film business, this changeover will undoubtedly close a nostalgic chapter in film history. Before and after the Second World War the Guild was an unchallenged leader in the business.

Relay station opens to-day

THE Independent Broadcasting Authority's new UHF relay station at Penicuik, near Edinburgh, begins regular transmissions to-day carrying Scottish Television programmes on Channel 61.

The local relay is expected to provide television reception for about 11,800 people in Peni[cuik] extending to Boghall, C[...] burn, Leadburn, Glencorse Carlops. For the first [...] transmission may be interr[upted] for engineering work.

UniChem sales rise by 50%

UniChem, Britain's larg[est in]dependent pharmaceutical [whole]sale organisation, reports a [...] cent. leap in annual sales [...] 1975 from £23.5m. the year [...] to around £35.5m.

Even after allowing for [...] rate of inflation this repres[ents a] jump in real terms of some [...] cent., says managing di[rector] Peter Dodd.

And he anticipates it w[ill be] accompanied by a "signi[ficant] advance in pre-rebate profi[ts]."

Mr. Dodd points out the increase in turnover has a[llowed] the organisation to bear e[...] flation and, at the same [time] gives retail chemist membe[rs an] "even better" rebate.

Looking to the future a[nd] the continuing uncertainty [of the] national economic climate [...] forecasting in any industry [is] nigh impossible. What is [how]ever, quite certain "is tha[t it] will be a year of trials and [tribu]lations."

Decca to mal[ke] 190 redundar[t]

DECCA, the radio and tele[vision] manufacturing group, is to [make] 190 workers redundant a[t] Midlands plants next [...] Ninety of them will be fro[m the] group's Willenhall factor[y and] 100 from its plant at Low[...] Bridgnorth.

The company blames a [...] drop in sales.

At Lichfield, 35 worker[s] lose their jobs with the c[losure] of the Pensam jam factor[y] company, which supplie[s] bakery and confectionery [...] blames the closure o[n the] economic recession.

Whessoe is to make 66 w[orkers] redundant at its Darl[ington] engineering factory next [...] because of a fall in order[s].

Motorcycle needs sponso[r]

THE CHALLENGE, a [...] cycle designed by a British [...] and built by Norton-Coswo[rth] Thruxton, needs a spons[or to] support it in racing. Norto[n] said it cannot afford to sp[...] the machine.

BANK OF AMERICA
NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, January 7 These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for sterling (and these currencies at par sterling) which is quoted in dollars per ste[rling] unit. These rates are asterisked.

All rates quoted are for indication pur[poses] only and are not based on, and are not inte[nded] to be used as a basis for, particular transac[tions]. By quoting the following exchange rates, [Bank] of America NT & SA does not undertak[e to] trade in all listed foreign currencies and [does] not assume any responsibility for any erro[rs in] the table below.

Eurodollar Libor Rate as of December 31 at 11.00
3 months: 5$\frac{11}{16}$ 6 months: 6$\frac{1}{16}$

SDR1=$US1.17008

Country	Currency	Value of DLR
Afars & Issas	Djibouti Franc	168.13
Afghanistan	Afghani (o)	45.30
Albania	Lek (m)	4.9651
Algeria	Dinar (a)	3.9327
Andorra	Fr. Franc	4.4425
	Sp. Peseta	59.3350
Angola	Ang. Escudo	27.1250
Antigua	E. Caribbean $	2.3596
Argentina	Ar. Peso (m)(†)	60.855
Australia	Australian $	0.7937
Austria	Schilling	15.3050
Azores	Port. Escudo	27.1250
Bahamas	Ba. $	1.00
Bangladesh	Taka	14.7936
Bahrein	Dinar	0.3936
Balearic Is.	Sp. Peseta	59.5350
Barbados	Barbados $	1.9575
Belgium	B. Franc (m)	39.1350
Belize	B $	1.9664
Bermuda	Bda. $	1.00
Bhutan	Indian Rupee	8.8928
Bolivia	Bolivian Peso	20.28
Botswana	S.A. Rand	0.8699
Brazil	Cruzeiro	9.045
Br. Solmn. Is.	Australian $	0.7937
Br. Virgin	U.S. $	1.00
Brunei	Brunei $	2.4900
Bulgaria	Lev	0.97
Burma	Kyat	6.5382
Burundi	Burundi Franc	78.50
Cambodia	Riel (a)	10,000.0
Cameroun Rp.	C.F.A. Franc	222.125
Canada	Canadian $	1.0121
Canary Is.	Sp. Peseta	59.5350
Cape Verde Is.	Cape V. Escudo	27.1250
Cayman Is.	Cay. Is. $	0.8350
Cent. Af. Rp.	C.F.A. Franc	222.125
Chad	C.F.A. Franc	222.125
Chile	Ch. Peso (m)	9.00
China	Renminbi Yuan	1.9663
Colombia	Col. Peso (m)	32.96
Comoros I'ds	C.F.A. Franc	222.125
Congo (B'ille)	C.F.A. Franc	222.125
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.8290
Cyprus	Cyprus £	0.3913
Czechoslovakia	Koruna (m)	5.85
Dahomey	C.F.A. Franc	222.125
Denmark	Danish Krone	6.1275
Dominica	E. Caribbean $	2.3596
Domin. Rep.	Domin'cn Peso	1.00
Ecuador	Sucre (o)	24.825
Egypt	Egyptian £ (o)	0.3905
Ethiopia	Ethiopian $	2.0855
Eq'tl Guinea	Pesota	59.5350
Falkland Is.	Falkland Is. £*	2.0342
Faro Is.	Danish Krone	6.1275
Fiji Is.	Fiji $	0.8623
Finland	Markka	3.9220
France	French Franc	4.4425
Fr. C'tyin Af.	C.F.A. Franc	222.125
Fr. Guiana	Local Franc	4.4425
Fr. Pac. Is.	C.F.P. Franc	n.a.
Gabon	C.F.A. Franc	222.125
Gambia	Delasi	1.9884
Germany (E)	Ostmark (m)	2.5990
Germany (W)	Deutschemark	2.5980
Ghana	Cedi	1.1528
Gibraltar	Gibraltar £*	2.0342
Gilbert & Ellice Is.	Aust. $	0.7937
Greece	Drachma	34.96
Greenland	Danish Kroner	6.1275

Country	Currency	Value of DLR
Grenada	E. Caribbean $	2.3596
Guadaloupe	Local Franc	4.4425
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Rep.	Sily	n.a.
Guinea Bissau	Port. Escudo	27.1250
Guyana	Guyanese $	2.5503
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	H.K. $	5.0325
Hungary	Forint (m)	n.a.
Iceland	I. Krona	166.26
India	Ind. Rupee	8.8928
Indonesia	Rupiah	415.00
Iran	Rial	69.373
Iraq	Iraq Dinar	0.2953
Irish Rep.	Irish £*	2.0342
Israel	Israeli £	7.24
Italy	Lira	860.20
Ivory Coast	C.F.A. Franc	222.125
Jamaica	Jamaican $	0.9091
Japan	Yen	305.15
Jordan	Jdn. Dinar	0.3195
Kenya	Ken. Shilling	8.2373
Korea (Nth.)	Won (a)	0.94
Korea (Sth.)	Won	484
Kuwait	Kuwait Dinar	0.2938
Laos	Kip (a)	5,000.0
Lebanon	Lebanese £	2.4450
Lesotho	S. African Rand	0.8699
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2953
Liechtenst'n	Swiss Franc	2.6099
Luxembourg	Lux. Franc (m)	39.1350
Macao	Pataca	5.7570
Madeira	Port. Escudo	27.1250
Malagasy Rp.	MG Franc	222.125
Malawi	Kwacha	0.8936
Malaysia	Malaysian $	2.5810
Maldive Is.	Mal. Rupee	n.a.
Mali Rp.	Mali Franc	444.25
Malta	Maltese £	0.4017
Martinique	Local Franc	4.4425
Mauritania	Ouguiya	44.425
Mauritius	M. Rupee	6.5639
Mexico	Mexican Peso	12.4906
Miquelon	C.F.A. Franc	222.125
Monaco	French Franc	4.4425
Mongolia	Tugrik (m)	3.3555
Montserrat	E. Caribbean $	2.3596
Morocco	Dirham	4.1692
Mozambique	Moz. Escudo	27.1250
Nauru Is.	Aust. $	0.7937
Nepal	Nepalese Rupee	10.560
Netherlands	Guilder	2.6675
Neth. Ant'les	Antillian Guild	1.80
New Hebrides	Aust. $	0.7937
	Fr. Franc	4.4425
N. Zealand	NZ $	0.8559
Nicaragua	Cordoba	7.02825
Niger Rp.	C.F.A. Franc	222.125
Nigeria	Naira	0.6295
Norway	Nrwg. Krone	5.5420
Oman Sultanate of	Rial Omani	0.3455
Pakistan	Pkst. Rupee	9.8943
Panama	Balboa	1.00
Panama Canal Zone	U.S. $	1.00
Papua N.G.	Kina	0.7846
Paraguay	Guarani (m)	126.0

Country	Currency	Value of DLR
P'ple D. Rp. of Yemen	S. Yemen Dinar	[illegible]
Peru	Sol	[illegible]
Philippines	Ph. Peso	[illegible]
Pitcairn Is.	NZ $	[illegible]
Poland	Zloty (m)	[illegible]
Portugal	Port. Escudo	[illegible]
Port Timor	Timor Escudo	[illegible]
Principe Isle	Port. Escudo	[illegible]
Puerto Rico	U.S. $	[illegible]
Qatar	Qatar Ryal	[illegible]
Reunion Ile de la	French Franc	[illegible]
Rhodesia	Rhd. £	[illegible]
Romania	Leu	[illegible]
Rwanda	Rwanda Franc	[illegible]
St. Christopher	E. Caribbean $	[illegible]
St. Helena	£ Sterling*	[illegible]
St. Lucia	E. Caribbean $	[illegible]
St. Pierre	C.F.A. Franc	[illegible]
St. Vincent	E. Caribbean $	[illegible]
Salvador El	Colon	[illegible]
Samoa (Am)	U.S. $	[illegible]
San Marino	Italian Lira	[illegible]
Sao Tome	Port. Escudo	[illegible]
Saudi Arabia	Ryal	[illegible]
Senegal	C.F.A. Franc	[illegible]
Seychelles	S. Rupee	[illegible]
Sierra Leone	Leone	[illegible]
Singapore	Singapore $	[illegible]
Somali Rep.	Som. Shilling	[illegible]
S. Africa	Rand	[illegible]
S.W. Africa Territories	S.A. Rand	[illegible]
Spain	Peseta	[illegible]
Span. Ports in N. Africa	Sp. Peseta	[illegible]
Sri Lanka	S.L. Rupee	[illegible]
Sudan Rp.	Sudan £	[illegible]
Surinam	S. Guilder	[illegible]
Swaziland	Emalangeni	[illegible]
Sweden	S. Krona	[illegible]
Switzerland	Swiss Franc	[illegible]
Syria	Syria £	[illegible]
Taiwan	New Taiwan $	[illegible]
Tanzania	Tan Shilling	[illegible]
Thailand	Baht	[illegible]
Togo Rp.	C.F.A. Franc	[illegible]
Tonga Is.	Pa'anga	n.a.
Trinidad	Trin. & To'go $	[illegible]
Tunisia	Tunisian Dinar	[illegible]
Turkey	Turkish Lira	[illegible]
Turks & C's	U.S. $	[illegible]
Uganda	Ug. Shilling	[illegible]
Utd. Kingdom	£ Sterling	[illegible]
Un'd A'b Emir	UAE Dirham	[illegible]
USSR	Rouble	[illegible]
Upper Volta	C.F.A. Franc	[illegible]
Uruguay	Urug. Peso (m)	2.71
Vatican	Italian Lira	[illegible]
Venezuela	Bolivar (m)	[illegible]
Vietnam (N)	Dong (a)	[illegible]
Vietnam (S)	Piastre (a)	[illegible]
Virgin Is. US	U.S. $	1.00
Western Samoa	Samoan Tala	[illegible]
Yemen	Ryal	[illegible]
Yugoslavia	New Y Dinar	[illegible]
Zaire Rp.	Zaire	[illegible]
Zambia	Kwacha	[illegible]

n.a. Not available. (m) Multiple exchange rate system, commercial rate used. (a) Approximate rate. (o) Official ra[te]. * U.S. dollars per sterling unit. † Argentine peso: commercial rate for peso is no longer being quoted; above rate is same financial rate.

Irish-based insurance operation set up

By Eric Short

Rosenbaum assets to be transferred

By L. Daniel

TEL AVIV, Jan. 8.

NSW Bank comments on the recession

Financial Times Reporter

Akzo gives McKinsey a world-wide fibres brief

BY MICHAEL VAN OS

AMSTERDAM, Jan. 8.

AKZO, the troubled Dutch-based chemical group, has commissioned the U.S. management consultancy McKinsey to carry out a study into the structural organisation of its worldwide chemical fibre activities which account for almost half of the group's sales. In this sector, Akzo is said to rank second in the world with a production capacity in 1974 of nearly 1m. tons a year and a market share of 7 per cent.

A spokesman for Enka Glanzstoff, whose Board disclosed the news of the new study during a meeting which was boycotted by two unions, could not say anything about the possible implications of the study for its production and personnel structures in the many other Akzo chemical fibre activities. It is understood, however, that Akzo had decided first to tackle its chemical fibre problems in North-West Europe, as they were considered most acute there. Furthermore, it was probably not possible physically to carry out the various reorganisation programmes simultaneously.

The countries in which McKinsey will be studying the organisational and structural set-up comprise most of Europe, the U.S., South America and the Far East. The union talks in Holland are being boycotted by the two main industrial unions, the NVV and the NKV, as they still insist only on international union talks on what they regard as Enka and Akzo's international problems.

The new McKinsey study follows the organisation's study last year which concentrated on the market position of Enka in Holland, Germany and Belgium.

This at first met stiff trade union resistance but its recommendations, after consultations with management and several of the trade unions, are now being put into effect. The reorganisation involves a regrouping of Enka's production facilities and a cut in capacity resulting in a reduction of several thousands of Enka's European jobs, mainly in the production sphere. The reorganisation also involves the Fabelta company in Belgium but talks are advanced there on the possible formation of a new company in which the Belgium Government would get a majority interest.

The spokesman for Enka said to-day that, initially, staff would be reduced by about 9 per cent. in the so-called non-production sectors in Holland and Germany. But in both countries additional efficiency measures were being discussed which could result in a further, though not very substantial, loss of jobs. He would not discuss any efficiency measures being planned for other European countries other than to say that those were up to the various national organisations. As far as the Dutch domestic measures were concerned, there would be new talks with the unions in Holland in mid-February after which more details could be given. The measures would affect the non-production and the overheads sectors such as offices, laboratories, engineering, services and maintenance at Enka. In Utrecht, the unions stated after their new talks with the Enka Board that they had understood that current planning would involve the loss of 800 jobs in this sector in 1976-1977.

The two industrial trade unions, who were aware of the planned Enka non-production staff cutbacks, expressed surprise at the new McKinsey study into the worldwide Akzo chemical fibre activities but they reserved judgment. Earlier they had threatened industrial action against Akzo and Enka if the companies persisted in not talking to international trade union delegations. At the time, the NVV had alleged that Akzo's policy was to transfer chemical fibre activities outside Europe to cheap-labour countries, throwing many workers in Europe out of work.

The huge setbacks in the chemical fibre market have hurt Akzo badly. The operating loss for chemical fibres amounted to Fls.290m. in the first nine months of 1975, but third quarter sales had been up on the previous quarters

French steel merger indicated

BY RUPERT CORNWELL

PARIS, Jan. 8.

SHARES IN three of France's smaller steel companies were suspended this afternoon on the Paris Bourse, a step which is an almost certain forerunner of a substantial re-organisation of the industry under the aegis of the Paribas merchant banking group.

The three involved are Hauts Fourneaux de la Chiers, Neuves-Maisons Chatillon, and Chatillon - Commentry - Biache. Although nothing has been said officially so far, it is understood that the companies plan to merge to create a group with a combined turnover of some Fr.3.5bn. (£380m.) and a normal year's output of more than 2m. tonnes of steel.

Apart from the general need to strengthen the structure of an industry which in France remains still somewhat fragmented, the deal would make sense in that already those involved are directly or indirectly controlled by either Paribas or its Belgian connections.

The group holds 42 per cent. of Chatillon-Commentry, a plate producer with sales of Fr.1.6bn. in the boom year of 1974. In turn Chatillon-Commentry holds over 28 per cent. of the wire rod specialist Neuves-Maison which is also partly controlled by Cobepa, a Belgian portfolio company and an associate of Paribas.

Chiers, too, is linked with Cobepa. The company, which achieved a 1974 turnover of Fr.1.07bn. and an output of 913,000 tonnes is another manufacturer of wire rods, centred at Longwy near the frontier with Belgium.

The Boards of the three are not due to pronounce on the still secret proposals until next week, but a trading ban was forced on the Bourse authorities by the rapid rise in Chatillon shares in recent sessions.

It is only when details are revealed that the scope of their plans will become clear. But speculation has already surfaced of much closer Franco-Belgian steel ties, built on the expensive financial links which exist through Paribas.

Montedison details its re-organisation

BY DOMINICK J. COYLE

ROME, Jan. 8.

THE MONTEDISON Group, which is expected to confirm an operating loss of roughly L200bn. for last year (against an operating surplus of L100bn. the previous year) is to be transformed into a holding company as part of an internal structural reorganisation, according to the group chairman, Sig. Eugenio Cefis.

The objective, Sig. Cefis told group directors, is to decentralise the company's operations as far as possible, while remaining predominantly in the chemical sector. The alterations will require ratification by shareholders at an extraordinary general meeting.

The corporate restructuring will involve the creation of a central policy and management unit which will have responsibility for the allocation of investment funds and the monitoring of performance within the group as a whole.

Sig. Cefis said that Montedison was going through a transitional phase and had at present a centralised system which was unable to function adequately, in view of the range and extent of the group's operations. Occasionally, this had resulted in uncontrolled diversification.

Without disclosing precise figures, Sig. Cefis said that the company would show a loss in fiscal 1975, and that prospects for the current year were not good. This was mainly because of the general economic situation. The group now required considerable capital, but this could be found from group resources and existing credit lines and would not require any "emergency" intervention (presumably a reference to extraordinary Government assistance).

Montedison had the capacity to create a "fully valid structure" and the group intended to reach greater managerial efficiency and a more entrepreneurial character in line with the group's development objectives.

Electrolux bids for Tornado

BY JOHN WALKER

STOCKHOLM, Jan. 8.

ELECTROLUX, the Swedish domestic appliance and cleaner concern, is currently negotiating for a majority shareholding in the French company Techniques et Organisations Nouvelles D'Applications Domestiques (Tornado), Electrolux announced to-day. The French company, with the trade marks, Tornado, Birium and Excelsior, ranks among the major companies on the domestic vacuum cleaner markets in France and Holland. Sales of the French company are said to be about Kr.75m. (£9m.).

Last year Electrolux strengthened its position in the French, Belgian and Swiss markets by acquiring the Martin group with its companies Arthur Martin in France, Nestor Martin in Belgium and Menalux in Switzerland. This group is one of the leading manufacturers of cookers, washing machines and dishwashers. The acquisition of Tornado is subject to the approval of the authorities concerned.

S.A. unit trusts under pressure

BY RICHARD ROLFE

JOHANNESBURG, Jan. 8.

THIN SHARE markets in Johannesburg in the last quarter of 1975 have been reflected in the performance of the local unit trusts, some of which were squeezed by a combination of negligible cash inflows and substantial repurchasing pressure. In general, the older trusts have fared the worst. The biggest in the industry, National growth, increased funds under management by R6m. to R75m. over the quarter, but experienced repurchases of R1.8m. against a paltry inflow of only R78,000. At South African Trust Selections, the inflow for the quarter was only R5,000 and repurchases amounted to R379,000.

Public disillusion has set in since the heady days of the 1969 bull market and the whole industry (with funds under management of R250m.), has become a Stock Market influence of decreasing importance. Most funds apparently were fairly liquid at the year end, too. As far as the small investor in concerned, the start-up of the new TV service has probably been a prime claim on spare cash, while inflation has squeezed spending in general.

The trusts which managed to achieve net cash inflows in the December quarter were the Guardbank Fund, run by Guardian-Liberty, and trusts, associated with Union Acceptances, Syfrets and the Standard Bank. The latter three, with inflows of up to R0.5m. partially reflect switching by clients from managed portfolios into trust units for administrative convenience.

The high level of liquidity suggests that managers are not unduly optimistic about local Stock Market prospects: a lack of reassuring news from Angola, continuing inflation and doubt over the short-term bullion price among the main bearish factors. However, the Stock Market has been much firmer since the turn of the year, with base metal shares sharply higher, especially Asbestos and Botrest. The Rand Daily Mail 100 Index has picked up to 217 in the past week and is approaching a critical level on the charts at 220. This breakthrough could signal an advance to about 260 by the end of March. But despite an attractive average p/e and yield basis for the market, the uncertainties look too great to justify a sustained upward movement.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aquitaine 10⅜pc 1985	102	103
Ashland 8pc 1987	91½	92½
Austraswiss 8pc 1987	92½	93½
Borregaard 8½pc 1989	96½	97½
Broken Hill 10pc 1990	103¾	104¼
Carrier 8pc 1987	92	93
Conoco 8pc 1986	99	100
Consol. Foods 7½pc 1991	89	90
Cutler Hammer 8pc 1987	93	94
EIB 9½pc 1985	101¼	102½
ERAP 9½pc 1985	101	102
Esso 8pc 1986 Nov.	99	100
General Cable 8½pc 1987	90½	91½
General Motors 8½pc 1986	104	105
Granges 9½pc 1985	99	100
GTE 8½pc 1986	96½	97½
New Zealand 9½pc 1982	102¼	103¼
Pacific Light 8pc 1986	92½	93½
Prov. of Quebec 7½pc 1988	87½	88½
Quebec Hydro 8½pc 1989	100	101
Queensland 8½pc 1987	92½	93½
Scanraff 8½pc 1988	88½	89½
Shell 8pc 1986	89½	90½
Stand. Oil (Ind.) 9½pc 1988	100½	101½
Tenneco 7½pc 1987	89½	90½
Transocean 8pc 1986	99½	100½
Utah 8pc 1987	95½	96½
Volvo 9pc 1985	101	102
NOTES		
Air France 9½pc 1982	102½	103½
Ardal 9½pc 1980	102	103
Australia Ind. 10½pc 1981	103½	104½
Barclays 9½pc 1982	101½	102½
Cie. Natl. Rhone 10pc 1983	104½	105½
Du Pont 7½pc 1978	102	103
Esso 7½pc 1978	100½	101½
General Motors 8½pc 1978	100	101
Montreal 9½pc 1981	102½	103½
Nippon Steel 9½pc 1980	99½	100½
Norway 9pc 1980	102½	103½
Skandinaviska E. 10½pc '81	105½	106½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	87	89
Ashland 5pc 1988	83½	85½
Beatrice Foods 4½pc 1992	96	99
Beatrice Foods 4⅜pc 1992	104	106
Borden 5pc 1992	97	99
Broadway Hale 4½pc 1987	78	80
Canon Camera 7½pc 1989	94	98
Carnation 4pc 1987	88½	89½
Chevron 5pc 1988	99½	101½
Dart 4½pc 1987	87	89
Eastman Kodak 4½pc 1988	123	125
Economic Labs. 4½pc 1987	80	82
Eldal 7½pc 1989	73	75
Fed. Dept. Stores 4½pc '85	134	136
Firestone 5pc 1988	89½	91½
Ford 5pc 1988	89	91
Ford 5pc 1986	79	81
General Electric 4½pc 1987	87	89
Gillette 4½pc 1987	77½	79½
Gould 5pc 1987	87½	89½
Gulf and Western 5pc 1988	90½	92½
Harris 5pc 1992	73	75
Honeywell 6pc 1986	79	81
ITT 4½pc 1987	67	69
Komatsu 7½pc 1990	104	105½
J. Ray McDermott 4¾pc '87	123	125
Mitsui 7½pc 1990	105½	107
J. P. Morgan 4¼pc 1987	106½	108½
Nabisco 5½pc 1988	95	97
Owens Illinois 4½pc 1987	96½	98½
J. C. Penney 4½pc 1987	83½	85½
Pioneer 6½pc 1989	203	208
Rank 4½pc 1985	45	47
Revlon 4¼pc 1987	102	104
Sperry Rand 4½pc 1987	96	98
Squibb 4½pc 1987	88½	90½
Texaco 4½pc 1988	76	78
Toshiba 6½pc 1990	103	104½
Union Carbide 4½pc 1982	112½	114½
Warner Lambert 4½pc 1987	94½	96½
Warner Lambert 4½pc 1988	83½	85½
Xerox 5pc 1988	74½	76½

Source: Kidder Peabody Securities.

STOCK MARKET ROUND-UP

Mixed opinions in Japan

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Jan. 8.

THE TOKYO stock market did well in the first half of last year, recovering from a low point of 3,627 on the Dow Jones industrial average early in January to hit a peak of 4,564 in the middle of May. After that it suffered something of a relapse, falling below the 4,000 level in September. But by the end of the year the market appeared to be recovering again, although opinions are very mixed as to just how high it will go during 1976. A few optimists on the Kabutocho (as the Tokyo stock exchange is called) feel that stock prices this year may recover enough to take the average well past the all-time high of 5,359 which it touched in January, 1973. A very small number of pessimists have the average falling back below the 3,000 mark, but the most popular view seems to be that stocks this year will recover enough for the average to settle somewhere between 4,800 and 5,200 by the end of the year. (Yesterday's closing level after a good start to the new year was 4,486 or roughly where the market stood in the second half of May last year.)

Recovery factors

The factors which set off the market recovery of late 1974 and early 1975 (the recovery actually began from around the end of *October, 1975) were (1)* a general belief by Japanese investors that the Government would relax the severe monetary restraints introduced a year earlier, allowing the economy to recover from its prolonged recession and (2) a return of foreign investors to the Tokyo market.

The belief that the Government would start to unwind its tight money policy early in 1975, of course, turned out to be correct. Particularly after the spring wage settlement, in which Japanese unions settled for an unexpectedly low annual wage increase of 13 per cent., the Government began lowering interest rates, raising credit ceilings and supplying additional stimulus to the economy through increases in fiscal spending. The effect of all this on the economy itself, however, was less than either the investing community or the Government seemed to have hoped for.

A slight upturn in basic economic indicators during the spring gave way during the summer to a general flattening out which destroyed hopes of any prompt recovery from the recession. By early autumn it was becoming clear not only that the economy was not recovering fast, but that most Japanese companies still had to face the worst of the recession in terms of their short term business performance. The September crop of business results for Japanese companies (covering the six months from April to September inclusive) was, in fact, one of the worst in Japan's post war history, with profits down (according to a Bank of Japan survey) no less than 59 per cent. from the previous six months term which itself was 47 worse than the term before that.

The trend of bankruptcies was in parallel with that for business results in general with the monthly bankruptcy figure showing three consecutive historic records from October to December last year. Among the more notorious failures of the *year (nearly all of them grouped* in the period from early to late autumn when the stock market was understandably weak) were the Y150bn. Kobjin Company failure, the biggest in Japan's history, the collapse or near-collapse of two shipping companies, and the rescue by means of emergency bank credits of a medium sized trading company (Chori Company).

The role of foreign investment in the market during the first six to nine months of 1975 provides a secondary theme in the market's story, which was nevertheless highly significant in influencing stock prices. Foreign investors had been net sellers of Japanese stocks (meaning that their monthly sale of stocks were greater than their monthly purchases) for a full 18 months before the beginning of last year. But in January the tide began to turn and for the following four months net buying of Japanese stocks by foreigners consistently exceeded $100m. per month.

Foreigners came back into the market partly because the Yen looked strong (they had started to come back into the bond market for the same reason in late 1974, even before they returned to equities). They also appear to have formed a favourable view of the Japanese economy's recovery prospects, but there was a third factor in the foreign investment pattern which distinguished it from the general pattern of stock buying by Japanese investors.

With a few exceptions, foreigners concentrated their buying on a narrow range of carefully selected stocks other than the major blue chips. Medium sized companies in high technology or newly developing consumer industries with strong debt positions were singled out for intensive buying and their share prices responded sharply. Many of the stocks which took the brunt of the 1975 wave of foreign portfolio investment doubled in price between late 1974 by the middle of last summer, which was about the time when foreigners, like the Japanese themselves, began to cool towards the Tokyo market.

The net inflow of foreign investment shrank from $124m. in May to $49m. in June and the balance was negative by $13m. in September. Towards the end of the year however, foreigners, again like the Japanese, began to show signs of believing that the market was due for another recovery in 1976.

Factors which could influence the Tokyo stock market in 1976 are (1) company profits which, though still not good, will be better during the current six months business term than during last year's September term; (2) credit is still being eased which means that money should be available in Japan for investment in equities, and (3) the economy should begin to experience a more genuine recovery during the second half of 1976 than it managed during 1975. The discouraging factor, so far as foreign investors are concerned, is that the Yen currently looks fairly weak. It may remain in this condition until Japan's exports begin to show signs of picking up (they are currently running slightly below the levels of a year ago), and this may not be possible until recovery gets under way in the economies of Japan's trading partners. However, it seems a reasonable guess that foreign interest in Japanese securities will continue to be at least moderately active during 1976, if not as strong as in the early months of last year.

Japan still has far less than its fair share of the world total of international portfolio investment and has tended to remain a specialist market. U.S. investment in Japanese stocks still has to move outside a very narrow range of household names such as Sony or Matsushita in order to become even as adventurous as European portfolio investment in Japanese stocks has been in the past few years.

American alert

There are some signs that American investors are now becoming more alert to opportunities in Tokyo. Some of the major American banks with Tokyo branches have set up full time stock-watching units in their Tokyo offices to build-up expertise in preparation for an eventual move into the market. Such a move may not come in 1976. But the "Big Four" Japanese securities houses, who during much of 1975 found the daily share turnover on the Kabutocho running below their break-even levels, seem to feel that this year is at least very unlikely to be worse than last.

Air Canada expects $C10m. deficit

FINANCIAL TIMES REPORTER

AIR CANADA expects to show a deficit of about $Can.10m. for 1975.

In a year-end review the airline's acting Chairman, Mr. Pierre Taschereau, attributes Air Canada's expected deficit position to the uncertainties in the Canadian and world economies which adversely affected business and leisure travel as well as the movement of commodities.

"However, Air Canada's financial results compare favourably with the majority of airlines," Mr. Taschereau adds.

If Air Canada had enjoyed a normal debt/equity financial structure comparable to that of most other airlines, the national carrier would have shown a small profit, the acting chairman states.

It is Air Canada's hope that a financial restructuring will be achieved in the near future to permit the corporation's financial results to bear proper comparisons with those of other companies. Such is not the case today.

In spite of the economic problems Air Canada can take justified satisfaction in the quality of its operations in 1975. The National Carrier achieved the best on-time performance of all North American airlines with roughly 90 per cent. of its flights arriving within 15 minutes of schedule.

Volksbank raises capital

By John Wicks

ZURICH, Jan. 8.

THE SWISS Volksbank, of Berne, one of Switzerland's big five, is to increase its capital from Sw.Frs.225m. to Sw.Frs.250m. in order to increase its equity ratio, in line with the growing volume of business. The bank, which has the corporate form of a co-operative, will issue from January 21 to February 3 50,000 new Ordinary shares

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Index further advances 11 by 1pm

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Jan. 8.

EARLY PROFIT-TAKING was well absorbed on Wall Street today, and the strong upward movement made further headway.

After opening 2.28 off at 896.41, the Dow Jones Industrial Average advanced to 910.03 by 1 p.m., *making a net rise of 11.34 on the* day and its best level in more than two years. The NYSE All Common Index further improved 45 cents to $50.20. Trading was *still active at 15.93m. shares,* although down 3.92m. compared with 1 p.m. yesterday which was the third most active session on record.

Closing prices and market reports were not available for this edition.

Most analysts believe the Stock Market merely is "feeding on its own momentum," although they agree that lower interest rates and an easier monetary policy by the Federal Reserve System also are helping buoy market psychology.

On the interest rate scene, Chase Manhattan Bank announced a ½-point reduction to 7 per cent. in its prime interest rate, the move is the first by a major U.S. bank and is expected to prompt similar action by other banks. Yesterday the "medium-sized" Cleveland Trust trimmed the key rate to 7 per cent.

Polaroid moved up $1⅛ to $33⅞, Xerox $1⅞ to $54¼, MCA $2½ to $72¾, Fairchild Cameras $1¼ to $42, U.S. Steel $1⅞ to $70⅝, and National Semiconductor $1½ to $43⅞.

Madison Square Garden climbed $1⅛ to $5½ following an offer by Gulf and Western Industries, unchanged at $22⅞, to buy up to 500,000 shares at $5½ a share.

Borg-Warner gained $2 to $23—it expects 1976 earnings to reach at least $3.50 a share, up more than 50 per cent. from an estimated $2.25 for 1975.

The American SE Market Value Index rose 0.49 to 88.57, while the turnover dipped 490,000 shares to 1.37m. compared with 1 p.m. yesterday.

$76½ while General Motors were $⅝ higher at $60⅛.

Dome Mines lost $1½ to $34½ and Canadian Imperial Bank shed ¼ to $25⅞.

PARIS—Mixed in active trading, with investors reluctant to follow Wall Street's uptrend.

Banks, Financials, Stores, Oils and Chemicals were mainly steady, however. Constructions lost ground.

Most Foreign shares, including Americans and Golds, lost ground, while Oils were steady.

BRUSSELS—Mixed in continued lively trading.

Steels firmed. Hainaut-Sambre moved up Frs.15 to 2,475 and Arbed Frs.15 to 4,160. Metals were lower. Union Miniere declined Frs.10 to 1,320 and Asturienne was off Frs.15 to 1,765.

Chemicals finished mixed, Electrical and Utility issues were narrowly irregular, Holdings steady, while Oils rose modestly.

U.S. shares were mixed. South African Gold Mines eased, French and German *shares lower, Dutch* stocks firmed.

AMSTERDAM—Quietly mixed to lower.

AKZO, however, firmed to Fls.44 after it announced progress in its reorganisation of Enka.

Heineken moved up Fls.4 to 190 on expectation of favourable news for its first quarter. Ennia rose Fls.1 to 127 on its 1975 results forecast.

Major Banks were steady.

Trading was suspended in ASW Apparatenfabriek, a Nijmegen-based industry of gas water heaters.

Most State Loans eased.

SWITZERLAND — Narrowly mixed, with an easier bias influenced by sustained profit-taking.

Major Banks lost ground. Insurances eased and Industrials generally edged lower.

Late support pushed Foods higher, Chemicals turned mixed, while Engineerings were mainly easier.

State-Bonds firmed.

In the Foreign sector, Dollar stocks were narrowly mixed, as were Dutch Internationals.

COPENHAGEN—Banks were firm, Insurances steady, Industrials barely steady, while Shippings were quiet.

GERMANY—Mixed in moderate trading.

Banks were mostly lower. Dresdner Bank declined DM3 to 269. Electricals were steady to higher, Chemicals were mixed.

Motors were mixed to higher. VW climbed DM2.30 to 146.80 and BMW DM2.50 to 269.50. Machine Makers were mixed to lower, while Steels declined up to DM3.50.

Minings were mixed to lower, Utilities remained neglected. Stores were also mixed, while Breweries were steady.

Demand continued for Domestic Public Sector Bonds, although less strongly than during previous sessions. Deutsche Bundesbank sold DM16.5m. worth of Public Sector Bonds.

OSLO—Generally higher in active trading. Banks were steady, while Communications and Commodities were higher.

MILAN—Most prices unexpectedly rallied, following the feared collapse of the Government. Trading was active.

Bonds were quiet.

VIENNA—Market fluctuated *narrowly in average turnover.* Constructions drifted lower, Minings and Insurances steady.

TOKYO—Further improvement in active trading. Volume 430m. (520m.) shares, with increasing buying by Foreign investors, while major Domestic Mutual Funds and Institutions also bought selected shares.

Blue Chips led the upward movement. Matsushita Electric gained Y15 *to* 606, Honda Motor Y29 to 730, Tokio Marine Y16 to 605, and Heiwa Real Estate Y14 to 425.

Machinery, Pharmaceuticals, Shippings, Trading Houses and Cameras were actively bought.

Some Electricals, Motors, Constructions, Textiles and non-Ferrous Metals eased on profit-taking.

Steels, Shipbuildings and Heavy Electricals also encountered profit-taking.

Hong Kong—Market continued to advance strongly in active trading, led by Blue Chips.

JOHANNESBURG—Gold shares were easier following the lower bullion price.

But financial Minings were generally firmer, while Coppers and Platinums were mixed. In other Metals, Gefco rose 10 cents higher at R920.

AUSTRALIA — Generally unsettled in quiet trading. The Reserve Bank's move to curb the money supply affected market sentiment.

BHP gave way 14 cents to $A7.04, while CSR dropped 30 cents to $A4.25 on the downward revision of its sugar production for this season.

Coals remained depressed.

OTHER MARKETS

Canada mixed

Canadian Stock Markqets were mixed in moderate trading yesterday morning.

The Industrial Share Index eased 0.03 to 177.21, Golds fell 7.97 to 254.36, Base Metals dipped 0.08 to 75.07 and Banks lost 2.14 to 246.84. But Western Oils put on 0.51 to 201.76, Utilities rose 0.08 to 128.15 and Papers firmed 0.02 to 97.52.

Motors picked up on news of improved sales levels in December and for all of 1975. Ford Motor of Canada added $1½ at

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus.	Util.	Trading volume† 000's
Jan. 7	69.62	182.50	898.69	87.39	33,170
6	69.57	181.82	890.82	87.36	31,270
5	69.26	178.67	877.83	86.43	21,960
2	69.11	175.69	858.71	84.34	10,600
Dec. 31	69.03	172.65	852.41	83.65	16,970
30	69.06	171.21	852.41	82.69	16,040
29	68.87	170.86	856.86	82.79	17,070
26	68.72	170.68	859.81	82.73	10,020
24	68.68	169.12	851.84	82.12	11,160
23	68.65	167.30	845.76	81.19	17,750
22	68.56	165.85	838.63	81.56	15,340
19	68.41	166.85	844.35	81.16	17,720
18	68.38	167.81	852.09	81.42	19,040
17	68.34	166.09	846.27	81.32	16,560
16	68.21	166.62	844.30	81.35	18,350
15	68.16	164.54	836.58	81.13	13,960
12	68.09	164.73	832.81	81.00	15,100
11	68.16	165.11	832.75	80.94	15,300
1975-76 High	69.62 (4/4)	182.50 (7/1/76)	898.69 (7/1/76)	87.39 (7/1/76)	—
Low	66.78 (5/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	165.52 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Jan. 2	Dec. 26	Dec. 27 1974
4.37	4.36	6.26

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975-76 High	1975-76 Low	Jan. 7	Jan. 6	Jan. 5	Jan. 2	Dec. 31
51.24 (16/7)	37.06 (2/1)	49.75	49.51	48.94	48.04	47.64

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,887	916	566	405

	Jan. 7	Jan. 6	Jan. 5	Jan. 2	Dec. 30
New Highs	175	181	155	47	30
,, Lows	nil	5	1	1	7

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975-76 High	1975-76 Low	Jan. 7	Jan. 6	Jan. 5	Jan. 2	Dec. 31
88.80 (15/7)	62.20 (2/1)	88.08	87.55	85.95	84.51	83.48
Volume (000's)		5,180	2,790	2,268	1,080	5,290

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Jan. 7	105.08	93.95
6	104.62	93.53
5	103.53	92.58
2	101.64	90.90
Dec. 31	100.88	90.19
30	100.46	89.77
29	100.90	90.13
26	101.07	90.23
24	100.18	89.46
23	99.36	88.73
1975-76 High	107.40 (15/7)	96.91 (15/7)
1975-76 Low	77.71 (8/1)	70.74 (8/1)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Dec. 31 1975	Dec. 26 1975	Dec. 18 1974
Ind. Ord. yield pc.	3.73	3.75	5.01
Ind. Ord. p/e ratio	12.43	12.48	7.47
Long-term Govt. Bds. per cent.	5.99	6.04	6.28

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
RCA	427,900	20⅞	+⅛
Pan. Amer. Air.	349,900	5⅞	
CITI	318,200	31½	−⅛
General Motors	306,600	59½	
Xerox	282,800	53⅞	−⅛
Amer. Tel. Tel.	219,400	51½	−⅛
Texaco	211,500	25⅛	
Nat. Semiconductor	210,900	42⅞	+3⅛
Dow Chemical	202,200	97	−⅛
Howard Johnson	188,300	15⅛	+⅛

TORONTO

INDUSTRIAL INDEX

Jan. 7	Jan. 6	1975-76 High	1975-76 Low
177.24	177.36	196.50 (15/7)	150.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

Jan. 7	Jan. 6	1975-76 High	1975-76 Low
183.11	181.82	205.61 (15/7)	159.05 (2/1)

COMBINED INDEX

Jan. 7	Jan. 6	1975-76 High	1975-76 Low
175.32	175.02	198.60 (15/7)	158.05 (2/1)

JOHANNESBURG

	Jan. 7	Jan. 6	1975-76 High	1975-76 Low
Industrials	217.2	213.6	228.9 (16/7)	183.3 (23/1)
Gold	223.8	224.3	379.1 (2/1)	199.2 (9/12)

(1958=100.) Source: Rand Daily Mail.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Jan. 5	Dec. 29	Dec. 15
On Dividends	5.54	5.89	6.00
On Earnings	7.20	9.77	9.94

SYDNEY ALL ORD. INDEX

Jan. 8	Jan. 7	High 1975-6	Low 1975-6
457.20	456.60	457.20 (8/1/76)	288.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Jan. 8	Jan. 7	High 1975-6	Low 1975-76
331.76	330.65	333.11 (2/7)	268.24 (10/1)

HONG KONG INDEX ◆

Jan. 8	Jan. 7	High 1975-6	Low 1975-6
371.79	363.47	371.79 (8/1/76)	160.42 (9/1)

SINGAPORE INDEX §

Jan. 8	Jan. 7	High 1975-6	Low 1975-6
243.10	240.79	268.69 (11/3)	153.26 (2/1)

EUROPE

	Jan. 8	Previous	1975-6 High	1975-6 Low
Belg'm (a)	108.41	108.27	111.81 (15/6)	89.07 (2/1)
Denm'k (b)	102.46	101.99	102.46 (8/1/76)	73.06 (13/1)
France (d)	70.7	71.0	72.6 (25/4)	51.70 (2/1)
Germ'y (e)	786.4	780.6	797.0 (5/1/76)	573.5 (2/1)
Holland (f)	86.7	86.2	107.6 (6/5)	83.2 (2/10)
Italy (g)	81.60	81.22	108.28 (21/2)	75.41 (17/10)
Spain (h)	97.64	96.74	110.96 (22/4)	91.55 (19/9)
Sweden (k)	407.10	409.26	409.81 (12/11)	310.56 (9/1)
Switz'rl'd (m)	285.8	286.7	295.1 (6/6)	206.5 (2/1)

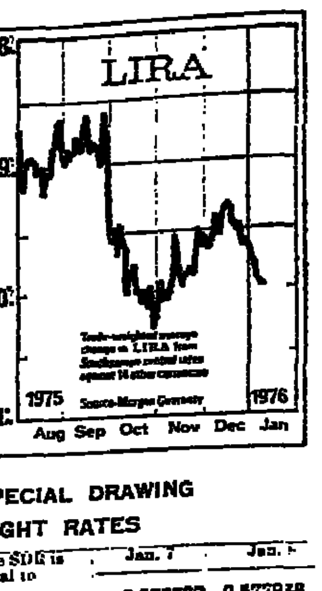
Indices and base dates (all base values 100):— (a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December 1953. (f) Amsterdam Industrial 1970. (g) Milan 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (u) Unavailable. ◆ Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

Dollar steadier

The U.S. dollar showed a steadier trend in the foreign exchange market yesterday, after a continued decline in the early part of the day. Doubts about further support for the U.S. unit by the Swiss authorities were balanced by indications of a continued easing of U.S. interest rates and the possibility of cuts in U.S. banks' Prime Lending Rates, following the reduction to 7 per cent. by the Cleveland Trust and by Chase Manhattan Bank. There was no evidence of further support for the dollar on a large scale by the European central banks however, but the dollar's trade-weighted average depreciation since the Washington Currency Agreement of December 1971, as calculated by Morgan Guaranty of New York on noon rates, narrowed to 2.13 per cent. from 2.23 per cent.

Sterling closed unchanged against the dollar at $2.0340-2.0350, after touching $2.0355-2.0365 during the morning and easing to $2.0330-2.0340 in the afternoon. There was a good commercial demand for the pound throughout the day, and its trade-weighted average depreciation since the Washington Agreement, as calculated by the Bank of *England,* was unchanged at 30 per cent. and remained at that level at noon and in early dealings.

Gold fell $2½ to close at $135¾-$136¼, following uncertainty about the International Monetary Fund's plans to dispose of part of its gold holdings. The krugerrand finished at $139-141 (£68½-69½) in the domestic and international markets. Its premium over the gold content was 2.94 per cent., compared with 3.25 per cent. for domestic delivery and 2.89 per cent. for international dealings.



SPECIAL DRAWING RIGHT RATES

One SDR is equal to	Jan. 7	Jan. 6
Sterling	0.577777	0.577938
U.S. dollar	1.17514	1.17466
Belgian franc	46.0332	46.0731
Deutsche mark	3.05536	3.05682
French franc	5.22350	5.21990
Italian lira	—	—
Japanese yen	358.418	358.271
Dutch guilder	3.13527	3.13634
Swedish krone	5.11362	—

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Jan. 8	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf'rt	—	2.596-597	58.45-65	6.63-64	5.28-29	97.40-44	99.96-100.0
N.York*	38.51-55	—	22.52-54	2.564-556	2.0355-0365	37.45-55	38.49-51
Paris	170.69-.09	4.4315-4415	—	11.5175-345	9.0175-045	165.20-70	170.75-.15
Brussels	15.16-10	39.14-17	8.21-24	—	79.65-76	14.63-11	15.04-09
London	5.23-232	2.034-036	9.034-04½	79.65-85	—	5.42-45	[illegible]
Am'erdam	102.695-645	2.6642-6667	60.02-076	6.6035-75	5.4215-65	—	102.605-625
Zurich	99.98-.09	2.5987-6002	58.51-58.52	6.635-6425	5.2875-292	97.45-54	—

U.S. $ in Montreal, U.S. $=101.12-20 Canadian cents. Canadian $ in New York $C=98.86-88 U.S. cents. U.S. $ in Milan £60.86. *Sterling in Milan* 1384.00. * Rates for Jan. 7.

EURO-CURRENCY INTEREST RATES*

Jan. 8 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	10¼-10½	4⅞-5⅜	7½-8½	5½-5¾	3½-3½	¼-¾
7 days notice	10¼-10½	5-5½	8½-8½	5½-5¾	3¼-3½	¼-¾
Month	10½-10⅞	5½-6	8⅞-8½	5⅝-5⅝	3⅝-3⅞	1⅜-1⅝
Three months	10¼-10⅝	5⅝-5⅞	8⅞-8½	5⅜-5⅞	3⅝-3⅞	2-2¼
Six months	10⅝-10¾	5⅝-6⅛	8⅝-8⅞	5⅝-5⅞	3⅝-4⅛	2½-2¾
One year	10⅝-11⅛	6⅝-7⅛	8½-8⅞	5⅝-5⅞	4-4⅜	3⅛-3½

Euro-French deposit rates: short term 6¼-6¾ per cent.; seven days' notice 6¼-6¾ per cent.; one month 6$\frac{11}{16}$-6⅞ per cent.; three months 6¼-6⅝ per cent.; six months 6½-7 per cent.; one year 7¼-7¾ per cent.

Longer-term Eurodollar deposits: two years 7¾-8 per cent.; three years 8¼-8½ per cent.; four years 8¼-8¾ per cent.; five years 9-9¼ per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one month 5¼-5½ per cent.; three months 5¼-5⅝ per cent.; six months 6$\frac{13}{16}$-6$\frac{15}{16}$ per cent.; one year 6⅞-6$\frac{15}{16}$ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two-days' notice for guilders and Swiss francs.

GOLD MARKET

	Jan. 8, 1976	Jan. 7
Gold Bullion (a fine ounce)		
Close	$135¾-136¼	[illegible]
Opening	$138¼-139	[illegible]
Morning fix'g	$137.65 (£67.635)	[illegible]
Afternoon fix'g	$135.80 (£66.729)	[illegible]
Gold Coins (domestically)		
Krugerrand	$139-141 (£68½-69½)	[illegible]
New Sov'r'gns	$42¾-44¾ (£21.22)	[illegible]
Old Sov'r'gns	$42¾-44¾ (£21.22)	[illegible]
Gold Coins (Internat'ly)		
Krugerrand	$139-141 (£68½-69½)	[illegible]
New Sov'r'gns	$41¼-42¾ (£20¼-20¾)	[illegible]
Old Sov'r'gns	$41¼-42¾ (£20¼-20¾)	[illegible]
$20 Eagles	$215-218	[illegible]
$10 Eagles	$108-111	[illegible]
$5 Eagles	$70-73	[illegible]

FOREIGN EXCHANGES

Jan. 8 1976	Bank Rate %	Day's Spread
New York	6	2.0330-2.0365
Montreal	9	2.0580-2.0655
Amsterdam	4½	5.41-5.44
Brussels	6	79.50-79.90
Copenh'gen	7½	12.46-12.50
Frankfurt	3½	5.27½-5.30
Lisbon	6½	55.10-55.90
Madrid	7	120.90-121.20
Milan	6	1,385-1,388
Oslo	5	11.26-11.30
Paris	8	9.01-9.04
Stockholm	6	8.85-8.88
Tokyo	6½	618-625
Vienna	6	37.15-37.38
Zurich	3	5.27-5.30

Basic discount. Rates given for convertible francs. Closing rate $1.5951-1.

OTHER MARKETS

Argentina	125.51 81	Argentina
Australia	1.6071-1.5225	Austria
Brazil	18.59-18.69	Belgium
Finland	7.71½-7.79½	Brazil
Greece	70.774-72.542	Canada
Hongkong	10.16-10.18	Denmark
Iran	140-142	France
Kuwait	0.575-0.582	Germany
Luxemb'g	13.65-73.85	Greece
Malaysia	2.5405-2.5625	Italy
N.Zealand	1.9362-1.9344	Japan
Saudi Arab.	7.12-7.22	Netherl'ds
Singapore	5.0235-5.0530	Norway
S. Africa	1.7609-1.7784	Portugal
U.S.		Spain
Canada		Switzerland
(S)—		U.S.
U.S. cents	93.91 93.94	Yugoslavia

* Based on rates quoted by dealers. ◆ Rate given is the rate. Special financial rate.

FORWARD RATES

	One month	Three months
New York	0.90-0.80 c. pm	2.40
Montreal	0.25-0.15 c. pm	[illegible]
Amst'dam	2½-1½ c. pm	7½
Brussels	40-20c. pm	95
Cop'nh'g'n	7-5 ore pm	[illegible]
Frankfurt	3½-2½ pf. pm	9½
Lisbon	par 100 c. dis	par
Madrid	par 40 c. dis	40
Milan	2½-4 lire pm	[illegible]

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—111¾% (112%)

NEW YORK

Stock	Jan. 7	Jan. 6
Addressograph	8¼	8¼
Aetna Life & Cas.	24⅛	23¼
Air Products	72⅝	73
Corning Glass	46¾	46⅞
CPC Int'nation'l	44¼	43¾
Crane	48¾	47⅞
Crocker Nat.	22⅝	22⅛
Crown Zellerbach	36½	36
Cummins Engine	21⅝	21¼
Johns Manville	24⅜	24¼
Johnson Johnson	91⅛	91
Johnson Control	13⅛	13⅛
Joy Manufactur'g	35⅞	34¾
Kaiser Alumin'm	29⅝	29
Kaiser Industries	9⅛	8⅝
Reading	1⅝	1⅞
Republic Steel	29¾	29¼
Revlon	77¼	78⅝
Reynolds Metals	24⅛	23⅝
Reynolds R. J.	64¾	65
Rich'son Merrell	24⅝	25
Zenith Radio	25⅝	25⅛
Chile 3% 1993	87½	†87½
Peru 3% 1993	†95	†95
U.S Treas.5¾% 1974	†99⅛	†99⅞

GERMANY ◆

Jan. 8	Price Dm.	+ or —	Div. %	Yld. %
A.E.G.	95.5	+0.5	—	—
Allianz Versich.	443	−2	17	1.9
B.M.W.	269.5	+2.5	14	2.6
BASF	161.5	+2.2	17	—
Bayer	134.5	+0.5	17	6.0
Bayer Hypo	335	−1	18	2.6
Bayer Vereinsbk.	347.2	−2.8	18	2.4
Commerzbank	217	−1	18	4.2
Contl. Gummi	101.5	+0.5	—	—
Daimler	345	−1	15	2.1
Degussa	244.5	−0.5	18	3.6
Demag	194	−1.5	—	—
Deutsche Bank	337.5	−1	20	2.9
Dresdner	269	−3	18	3.5

MILAN

Jan. 8	Price Lire	+ or —	Div. Lire	Yld. %
Alitalia Priv.	800	−10	—	—
ANIC	794	−4	60	7.6
Assonia Ase.	4,200	+59	130	3.1
Bastogi	1,181	—	70	5.5
Breda	2,532	—	165	5.8
Burgo	10,620	−60	200	1.8
Cantoni	7,430	+80	200	2.8
CIGA	1,500	+90	—	—
Cucirini	4,595	+15	250	5.5
Dalmine	395	+5	50	1.3
Erba	2,549	+79	—	—
Fiat	1,389	+17	100	7.1

AUSTRALIA

Jan. 8	Aust. $	+ or —
Acrow Australia	†0.80	—
Adelaide Brighton Cent 50c	†1.10	+0.01
Allied Mnfg.Trdg.Indus.$1	†1.92	+0.02
Ampol Exploration	†1.08	−0.02
Ampol Petroleum	†0.73	—
Assoc. Minerals	†2.80	—
Assoc. Pulp Paper $1	†0.98	—
Aust.Con Industries	†1.56	+0.02
Aust. Foundation Invest.	†0.90	−0.01
A.N.I.	†1.25	—
Aust. Oil & Gas	†0.17	—
Blue Metal Ind.	†1.23	−0.02

FARMING AND RAW MATERIALS

ʼeart faces esign call ver beef

ʼ John Hunt

FRED PEART, the Minister Agriculture, should resign if failed to persuade the EEC ncil of Ministers to continue beef premium scheme, Mr. nael Jopling, Conservative kesman on agriculture, de-ded yesterday.

r. Jopling recalled that the ister had said that he was rmined to continue the nium system. In view of that, would have no alternative to gnation, if he failed to win case.

eaking to the Staffordshire onal Farmers' Union's an- meeting, Mr. Jopling said Peart would be fighting for political life when he visited sels to argue the case.

If he fails to get the Council Ministers to agree to continue beef premium scheme, he have nothing to fall back said Mr. Jopling. "If he then producers will be where they were in the strous summer of 1974."

heep farmers rged to breed ʼuro-lambs'

A Correspondent

ABERYSTWYTH, Jan. 8.

SH FLOCKMASTERS were d yesterday to breed a ial "Euro-lamb" designed cularly to capture 80 per of British and Continental tets.

John Barrett, director of irmingham wholesale meat pany, told a Meat and Live- Commission conference at ystwyth that sheep farmers ld modify many of the try's traditional breeds and entrate on producing the -lamb. It needed to be less to comply with EEC tives, lean—between 34-44 in weight—and sold at a lard price acceptable to the pean housewife.

Bob Bansback, an MLC omist, told the conference prospects for exporting to EEC countries were In France, lamb produc- was lagging behind con- tion at a rate of 3,500 tons ar. Germany, Italy and the le East were also prospec- export markets.

t British farmers should not e the home market, which ed 400,000 tons in 1975 and was double the size of the h, Italian and German ets added together.

Record rise takes bacon prices to all-time peaks

BY RICHARD MOONEY

FIRST-HAND bacon prices registered record weekly rises yesterday. Danish went up by £75, to £1,030 a ton, British and Ulster £65, to £1,010, and Irish £70, to £1,010—all new peak levels.

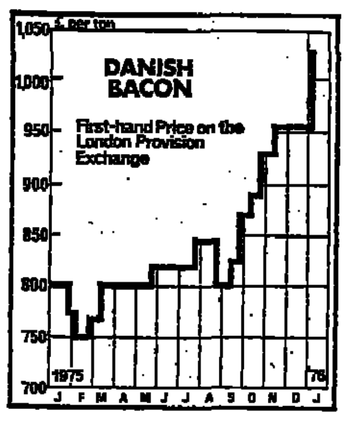
The post-Christmas period is normally one of restricted demand but supplies are unusually short this year, especially from Denmark.

DBC (Imports), the Danish bacon marketing company, said yesterday that its agents had reported a firm demand, with all available supplies cleared. Sales of Danish pork to the Japanese market had reduced the availability of bacon for curing and the increasing competitiveness of the U.K. pork market had added to the upward pressure on bacon prices.

Danish bacon was in short supply, even before Christmas, shipments being made on allocation. So far this year, the situation has become even tighter, with deliveries running a week behind schedule.

But Mr. Dyrlov Madsen, managing director of ESS-food, said yesterday that the situation was improving. Shipment delays were due, on the one hand, to unexpectedly high pre-Christmas demand, and on the other, to an unexpected shortfall in bacon production, he said.

Many Danish farmers now viewed the future with greater confidence and were retaining their female pigs for breeding, instead of sending them to the bacon factories, Mr. Madsen added.



Danish producers are mounting a promotion in the U.K. from January 19. To meet the anticipated extra demand following this campaign, Denmark has cut back exports to other markets, even though these would have been more immediately profitable.

As far as the British market is concerned, traders will be looking for signs of a levelling out in the gap between supply and demand, following the latest price increase. They noted that, with other meats fetching high prices, buyers might regard bacon as reasonably competitive even at current record levels.

This week's price rise is equivalent to 3.5p a lb overall, but it will probably be concentrated on the rashers with the middles rising by 4p-5p, back 5p-6p and streaky 3p-4p. Gammon is unlikely to change, but fore-end cuts could rise 3p a lb.

Copper leads decline in metals

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER LED a general downward trend in London base metal markets yesterday, while gold and silver were also lower.

Cash wirebars lost £5, to £585.75 a tonne; cash tin dropped by £18.5, to £3,069 a tonne, and cash zinc fell by £2.375, to £342.125 a tonne.

In the case of copper, the decline was attributed to a change of sentiment away from the more optimistic attitude adopted by speculators during the past few days. The failure of any consumer demand to emerge left speculators in an overbought situation and triggered profit-taking sales.

Tin prices eased in London, despite another small rise in the Penang market overnight. The International Tin Council announced yesterday that the buffer stock holdings at the end of September 1975 totalled 11,942 tonnes, only 112 tonnes higher than the end June holdings.

This had little impact on the market since, in the period from July to September, tin prices were above the lower price range for some time and limited support buying was needed.

Zinc values

It was in the last quarter, when the expected revival in demand for tin failed to materialise, that the buffer stock was under most pressure and was forced to increase its funds considerably.

LME zinc values also fell back yesterday for the third consecutive day as further U.S. producers cut their domestic price to 37 cents a pound, to remain competitive.

There were rumours of the European producer quotation being threatened, countered in later trading by predictions of a large fall in LME warehouse stocks.

Reuter reported from Washington that the U.S. Bureau of Mines estimated that U.S. copper mine output in 1975 fell to 1.4m. short tons, the lowest figure since 1968 when there was a lengthy strike and 13 per cent. below 1974 production.

Consumption of copper in the U.S. last year was calculated to have fallen by 32 per cent. from the 1974 figure, to 1.5m. short tons, the lowest since 1961.

Nickel price freeze plan

BY OUR COMMODITIES EDITOR

A PLAN to offer contract customers 90-day protection against any nickel price increase in 1976 was officially announced by International Nickel of Canada in Toronto yesterday. It was confirmed in London that the offer will apply to U.K. and European buyers, as well as North American consumers.

The scheme proposed is that Inco customers with regular supply contracts, including distributors, will be guaranteed supplies at the old price for 90 days after the date of any price increase that might be announced this year.

Mr. K. A. Delonge, senior vice-president of Inco, stressed that the scheme had not been initiated in anticipation of a price increase; it was aimed at giving customers a chance to plan ahead in cost estimating.

London nickel market sources yesterday described the scheme as only official confirmation of what had been happening unofficially. Other companies would remain competitive with Inco prices in any event.

With demand for nickel remaining generally sluggish in Europe, and only some signs of recovery in the U.S., it is felt that there is unlikely to be a nickel price increase before July this year at the earliest.

At the moment free market nickel is trading at around $2 a pound, compared with the official producer quotation of $2.20.

Potato shortage worsens

THE 1975 potato harvest—badly hit by the long dry summer—was even worse than previous estimates suggested, according to the Ministry of Agriculture's monthly report, released yesterday.

It estimates the end-of-harvest yield of maincrop potatoes at only 8.7 tons an acre, compared with the 9.3 tons estimated in mid-December. The total crop for England and Wales thus comes out at 3,027,000 tons, 38 per cent. down on the previous year.

This means that this winter's supplies will be nearly 200,000 tons less than was expected in December. On these figures, there is little hope of prices falling from their present record level of almost 10p a lb. But Mr. Dick Saner, public relations chairman of the National Federation of Fruit and Potato Trades, thinks that consumer resistance will prevent them rising much further.

"No doubt prices will go over 10p a lb—and when they do, the housewives' resistance will increase rapidly," he said.

Upsurge in coffee values continues

By Our Commodities Staff

THE WAVE of speculative buying on the London and New York coffee markets continued yesterday, but dealers still could identify no fundamental reason for the rise.

On the London terminal market the March position ended £18 higher, at £831.5 a tonne, after reaching £843 at one stage.

Some Commission House sources said they thought sentiment was being affected by the Angola situation and private reports that Robusta coffee, as well as Arabica, had been damaged in recent flooding in Hamburg.

Some 40 per cent. of the estimated 25,000 (60-kilo) bags of coffee soaked by the floods in Hamburg dock last week could be sold undamaged after drying, according to coffee industry sources, reports Reuter. Most of the other 60 per cent. would be sold at reduced prices, the sources added.

BRAZIL COFFEE

RIO DE JANEIRO, Jan. 8.

Despite a rise in the volume of its coffee exports and sharp price rises which followed last year's dramatic frosts, Brazil's earnings from coffee dropped to $933m. in 1975, from $980m. the year before, according to the Brazilian Coffee Institute (IBC).

U.K. FOOD SUPPLIES

High cost of EEC membership

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

AT NO STAGE have I believed the exaggerated claims made about a year ago that the world will always be short of food and that, in the changed circumstances of the times, prices set under the EEC Common Agricultural Policy will stand out as an example of moderation in an inflationary situation.

It is true that for a few months in 1973, grain prices—and in the next year, sugar—soared to undreamed of heights, leaving EEC prices far behind. Also, this country benefited at that time from the EEC Commission reducing prices of grain and sugar imported from the Community and third countries; this assistance is still being given through operation of the compensatory amounts.

But the panic lasted for only a short term. Prices had been forced up by seasonal and speculative factors. To-day the prices of most food commodities on world markets are well below those ruling in the Community and those being proposed in next year's EEC package. This is an extremely serious matter for the U.K., which has to import roughly 40 per cent. of its temperate food supplies.

Not all profit

The picture is clouded by the fact that Britain's transitional period still has two years to run, and certain imports are subsidised by the accession and monetary compensatory amounts. However, while these are paid by FEOGA, the EEC's farm fund, they are also partly paid for by Britain through our contribution to the Community. So they are far from being all profit.

Without these distorting factors, prices during December—converted to sterling at current rates of exchange—would have been as follows: EEC milling wheat was quoted at £84 ex-Rouen per long ton, while U.S. soft red winter, a roughly comparable wheat, was £63 per ton fob Gulf.

Maize internally in France was at £76.85 per ton, while U.S. Gulf fob on the same date was £55. Without the duties and levies, it could have been landed in the U.K. for under £60. EEC feed barley in France cost £75, while the duty free cif price would have been around £60.

The dairy product situation is confused by the consumer subsidy and the fact that the only country exporting any substantial quantity at world prices is New Zealand. For the record its worth noting that the price of N.Z. butter landed here is £530 a ton before levy, and that of cheese, about £550. The U.K. price of N.Z. butter on December 4 was £852 per ton and for cheese £837.

In EEC countries, the butter price ranged from £1,305 per tonne in Denmark, up to £1,456 in Germany. Emmenthal cheese, roughly comparable with Cheddar, was about £1,330 in Germany and France. In the U.S., the butter price in New York, a market protected by quota, was £1,050 per ton and cheese, £1,073.

It would be difficult to estimate exactly how cheaply butter could have been purchased, had we not been members. But there is no doubt that the N.Z. figures would be very near to the levels which EEC exporters would have to accept for the 330,000 tons of butter exported from the old Six to Britain.

Sugar is particularly interesting. In spite of the apparent shortages of a year or more ago, the Community has built up stocks from 349,000 to 918,000 tonnes. The world price is slightly below the EEC price now, and Community sugar exporters are already receiving a small subsidy for selling on the world market.

Sugar price

The sugar situation is complicated by the commitment to British growers and the agreement to be reached by Commonwealth producers. In a free bargaining situation, there is little doubt that sugar could be bought at a cheaper price.

For beef, the best comparison is for light steers. In early December, these were priced at £36 to £40 per live cwt in the main European markets, £26 per live cwt in the U.S. and £22.67 in Britain.

There is little in the way of a free market in beef because of the EEC embargo on imports, but the price of choice light steers in Sydney at the same period was £16 per live cwt.

The Community system of target prices and guarantees which support these levels is expected to go up by about 2 and 4 per cent. for sugar and milk products, by 8 per cent. for beef and 9 and 9.5 per cent. for the main cereals.

This is bound to widen the disparity between Community and world prices still further. The increased cost to the balance of payments of imports at EEC prices, compared with world prices, is impossible to quantify, except in hypothetical terms. Even if these prices are tempered by subsidies to the consumer, the true cost to the economy still remains high.

Rise in world grain stocks predicted

WASHINGTON, Jan. 8.

THE WORLD may soon have international grain reserves, whether they are wanted or not, and they probably will prove counter-productive in the effort to solve food shortages, said Mr. Joseph Hallow, executive vice-president of Great Plains Wheat.

In a speech prepared for delivery to a Canadian wheat growers group in Regina, Saskatchewan, he said most of the reserve would be in North America. It was developing "in the absence of any formal plan, or even any formal desire, to see it grow on the part of those who are accumulating the stocks."

This year, the U.S. could repeat the large grain crops it harvested in 1975. With that much grain in the U.S., what importing country would feel so strongly about the need for a formal system of world stocks that it would be willing to invest the time and money needed to maintain its share, he asked.

Any increase in world stocks would tend to depress prices and destroy incentives for increased production, he warned. Under such circumstances, a world system of grain reserves would actually work against the condition for which they would be established.

Kansas senator, Mr. Robert Dole, said, meanwhile, that President Ford must raise the limit on grain sales to the Soviet Union and take over specific steps to bolster the market to prove his real concern for farmers.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

PER—Lost further ground on the Metal Exchange. The uninspir- S. market overnight and signs that cent rally had petered out prompted aking and stop-loss selling in for- metal which opened at £609 and the day at £604.5. The market still any worthwhile outside demand arries accounted for a good part of [illegible]

that in the morning cash wirebars traded at £586, 86.5, three months £607, 06.5, 06. Cathodes: cash £574, 73.5, three months £593.5, 93. Kerb: Wirebars: three months £605.5, 05, 04.5. Cathodes untraded. Afternoon: Wirebars: cash £585.5, three months £604, 04.5, 05, 06, 05.5. Cathodes untraded. Kerbs: Wirebars: three months £605.5, 05, 04.5. Cathodes untraded.

TIN—Easier. The steadiness of the [illegible]

metal which widened the contango. Stop-loss selling took forward metal down to £3,130 before it ended at £3,135 on the afternoon Kerb. Turnover 535 tonnes.

Morning: Standard: cash untraded, three months £3,140, 46, 45, 43, 40, 36, 35, 36, 37. High Grade untraded. Kerb: Standard: three months £3,135, 30. High Grade untraded. Afternoon: Standard: cash £3,065, 68, three months £3,135, 33, 35, 36. High Grade untraded. Kerb: Standard: cash £3,066, three months [illegible]

[illegible]

COFFEE

[illegible]

SILVER

[illegible]

COCOA

[illegible]

FREIGHTS

Jan. and from U.S. Gulf to Black Sea at $5.55 f.i.o. for Jan., also from U.S. Gulf to Italy at $8 f.i.o. for Jan. A part cargo of wheat from E. Australia to Safaga paid $22 free discharge for Jan.

In coal section, a cargo was covered from Hampton Roads to Japan at $8.50 free discharge for prompt loading.

Miscellaneous chartering included barytes from Callao to Trinidad at $11.50 f.i.o. for Jan., and a combined cargo of [illegible]

GRAINS

were taken by various U.K. ports: Wheat—U.S. Dark Northern Spring No. 2, 14 per cent., Feb. £95.65, March £96.25, April-May £91.25 direct Tilbury; Jan. £96.80, Feb. £97.45, April-early May £98.15, May £96.05, June £96.35, July £95.65 transhipment East Coast. Argentine Milling Jan. £83.65, Feb. £83.50, March £83.80 East Coast. EEC Feed Jan. £84, Feb. £85 East Coast.

Maize—No. 3 Yellow American/French [illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

JUTE

[illegible]

MEAT/VEGETABLES

[illegible]

WOOL FUTURES

LONDON—Market slightly firmer, Bache reports.

(Pence per kilo)

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

* Nominal. † Seller. § Unofficial close. ♣ Indicative price. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." ‡ Unquoted. a Seller's quotation. h Jan.-March. u Metric tons. r Sept.

FINANCIAL TIMES

Jan. 7	Jan. 6	Month ago	Year ago
176.44	175.10	169.19	180.76

(Base: July 1, 1952=100)

REUTER'S

Jan. 8	Jan. 7	Month ago	Year ago
1197.5	1182.6	1149.6	1150.1

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	Jan. 7	Jan. 6	Month Ago	Year ago
Spot	304.45	300.20	290.75	366.05
Futures	294.30	290.86	280.86	332.31

(Average 1924-25-26=100)

MOODY'S

Moody's	Jan. 7	Jan. 6	Month ago	Year ago
Staple Commodity	768.5	761.8	744.6	792.0

(Dec. 31, 1931=100)

★

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00, Medium £3.00, Codlings £2.00-£2.30, Medium haddock £4.00, Small £3.00, Large plaice £4.20, Medium £4.00, Best small £3.90, Medium skinned dogfish £4.00, Large £4.70, Rock fish £2.00, Reds £1.40-£2.60, Saithe £1.70-£1.90.

U.S. Markets

Limit gains in coffee, grains up

NEW YORK, January 7.

SILVER closed slightly higher on carry-over Commission House buying. Grains finished strong on Commission House and local short-covering, with lack of commercial selling. Trade buying, touching stops and new Commission House buying, closed coffee limit up. Cocoa closed steady on Trade and Commission House buying in front of Friday's U.S. grinds report, Bache reports.

Cocoa—Ghana spot 79½ (78). Bahia spot 74½ (73). March 67.45 (66.15), May 64.44 (63.50), July 62.44, Sept. 60.60, Dec. 59.25, March 58.65, May unquoted. Sales: 852.

Coffee—"C" Contract: March 88.90 bid (86.90), May 89.30 bid (87.30), July 90.00 bid, Sept. 90.50 bid, Dec. 91.00. Sales: 475.

Copper—Jan. 56.00 (same), Feb. 56.30 (56.30 settlements), March 56.70, May 57.50, July 58.30 settlements. Sales: 1,645.

Cotton—March 62.17-62.25 (61.87), May 62.55-62.95 (62.47), July 62.70, Oct. 59.38-59.45, Dec. 57.40-57.45, March 57.77-57.85, May 57.90 bid. Sales: 3,250.

ΦGold—Jan. 138.80 (139.20), Feb. 139.40 (140.10), March 140.20, April 140.60, June 142.00, Aug. 143.50, Oct. 145.00, Dec. 146.60, Feb. 148.20, April 149.90. Sales: 1,488.

Greasewool—Spot 170.0 nom. (same). March 162.5-170.0 (164.5), May 160.5-165.0 (162.5), July 160.5-165.0, Oct. 160.5-165.0, Dec. 160.5-165.0, March 160.0-165.0, May 160.0-165.0.

†Lard—Chicago loose 16½ (same). NY prime steam 19 asked (same).

††Maize—March 268½-269 (264½), May 274½-274¾ (269½), July 275½-278½, Sept. 275½, Dec. 265½, March 275½-276.

‡Platinum—Jan. 146.70 (146.50), April 149.10 (149.30), July 152.00, Oct. 155.20, Jan. 158.30-158.40, April 161.70-161.80. Sales: 220.

‡‡Silver—Spot 432.50 (432.00), Jan. 432.70 (429.50), Feb. 433.50 (430.90), March 436.50, May 442.80, July 449.10, Sept. 455.40, Dec. 465.10, Jan. 466.20, March 474.60, May 481.00. Sales: 7,936.

*Soyabeans—Jan. 465½-466 (457), March 473½-474½ (465), May 482½-483½, July 490½-490, Aug. 493, Sept. 498, Nov. 503-504, Jan. 509-511.

bSoyabean Meal—Jan. 133.50-133.90 (131.40), March 137.00-137.50 (134.80).

Soyabean Oil—Jan. 15.90-16.00 (15.15); March 16.10-16.19 (15.78), May 16.30-16.35, July 16.55-16.60, Aug. 16.55-16.60, Sept. 16.60, Oct. 16.60-16.70, Dec. 16.80.

Sugar—Spot 14.35 (14.50). March 14.18-14.20 (14.00), May 14.12-14.16 (13.99), July 14.07-14.10, Sept. 14.07-14.10, Oct. 14.06-14.05, Jan. 14.05 nom., March 14.06-14.06, May 14.05. Sales: 3,197.

Tin—295.00-312.00 asked (294.00-311.00 asked).

**Wheat—March 355½-356½ (347½), May 362½-362 (353½), July 363-363½, Sept. 368½, Dec. 378½.

WINNIPEG, Jan. 7. ††Rye—May 253½ (248 bid), July 247½ asked (242½ bid), Oct. 242½ bid.

cOats—May 172½ (169 bid), July 168½ asked (164 bid), Oct. 158 bid.

§Barley—May 247½ bid (243½), July 242½ asked (240 asked), Oct. 237 bid.

dFlaxseed—May 670 (655), July 667½ bid (655 bid), Oct. 658 bid.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 475½ (473½).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. Φ $'s per troy ounce—100-ounce lots. †Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡‡ Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. ‡ $'s per troy ounce for 50-ounce units of 99.8 per cent. purity delivered NY. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

LEGAL NOTICES

[illegible]

PUBLIC NOTICES

[illegible]

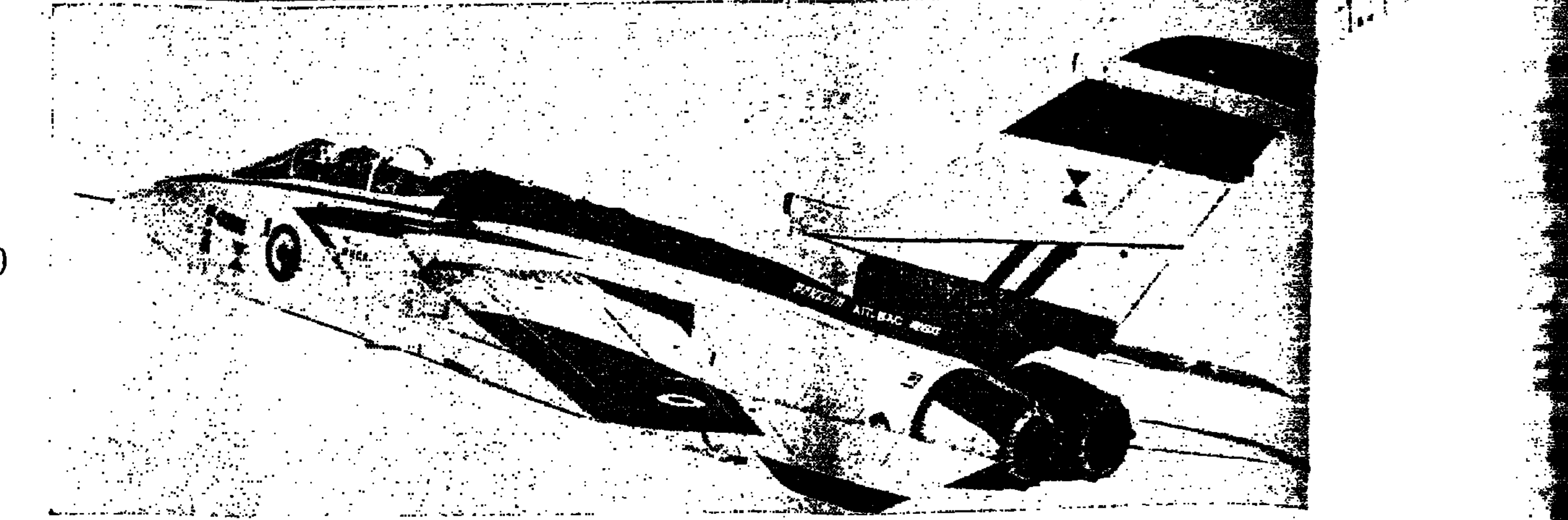
COMPANY NOTICES

[illegible]

PERSONAL

[illegible]

The Governments of Britain, West Germany and Italy are likely to decide soon whether to back a £4bn. production programme for more than 800 Multi-Role Combat Aircraft. **Michael Donne** explains the importance of a go-ahead both to Europe's aerospace industry and to its security



Why the MRCA needs to spread its wing[s]

SOME TIME this year it is hoped that the governments of Britain, West Germany and Italy will give the go-ahead for full production of one of the most significant military aircraft yet developed—the Multi-Role Combat Aircraft, or MRCA.

The decision will be important, for several reasons. If in the affirmative, it will effectively launch the biggest military aircraft production programme on this side of the Atlantic since the end of the *second world war*. It will also confirm that the aerospace industries of the three countries will, for years ahead, have a major military aircraft manufacturing capability of their own, diverting if not eliminating the spectre of increasing reliance on U.S. military types that had loomed closer with the recent decision by Belgium, Holland, Denmark and Norway to buy the General Dynamics F-16 lightweight combat aircraft. To fail to go ahead with the MRCA, it is argued, would not only wreck the replacement plans for the three air forces involved, but also virtually end the chances of there ever being a unified European aerospace industry capable of matching the technological achievements of the U.S.

The aircraft is being built by two consortia—Panavia on the airframe side (comprising *British Aircraft Corporation*, Messerschmitt-Bolkow-Blohm of West Germany and Aeritalia of Italy), and Turbo-Union on the engine side (comprising Rolls-Royce, Motoren-und-Turbinen Union and Fiat).

Many people believe that, together, Panavia and Turbo-Union could also form the nucleus of a long-term military aircraft manufacturing industry in Europe able to move on to other advanced types for the future. Indeed, Panavia itself, even while concentrating on MRCA, is believed to have been looking at the possibilities of other types of military aircraft for the period from 1990 onwards. Sooner or later, for example, it is clear there will have to be a replacement for the existing Hawker Siddeley Harrier vertical-take-off fighter and the BAC Jaguar jet strike-trainer. Who better to study these possibilities than Panavia and Turbo-Union?

Basic version

In the meantime, the MRCA itself is a twin-engined, two-seat supersonic aircraft, capable of filling the full range of operational requirements of the three countries—close support over the battlefield, strike both at sea and overland, reconnaissance, penetration of the enemy's defences (interdiction), and air-superiority. These capabilities are all being built into the basic or "common" version of the MRCA.

In addition, there is a specialist British requirement for what is called the ADV or air defence variant, a version that will have special electronics (such as a long-range interception radar) to enable it to intercept potentially hostile targets approaching the U.K.—a task currently assigned to the Lightnings and Phantoms of the RAF.

The total number of aircraft involved in the programme is 807, of which 385 are for the U.K. (believed to be 220 basic MRCAs and 165 ADVs), 322 basic aircraft for West Germany and 100 basic aircraft for Italy.

By the end of September last year, the total research and development cost of the MRCA had amounted to £495m., of which about £230m. was the U.K.'s share. At September 1975 prices, the cost of a fly-away MRCA is set at £4.96m., with the programme being closely monitored to keep costs under control—although there is little that the manufacturers themselves can do to counter the effects of inflation in all three participating countries.

Going well

So far, the flight trials are going well. Of the nine prototypes being built, six have flown, and three more will fly this year. These will be followed by six "pre-series" aircraft, which will in turn be followed, it is hoped, by full-scale quantity production. The aim will be to get the first production aircraft into squadron service some time around 1978-79, although this time-scale will depend entirely on the rates of production agreed between the three governments according to their own spending requirements, which in turn are certain to be dictated by the pressures from other quarters on their budgets. Already in the U.K., for example, it has been suggested that production will have to be stretched out to meet the effects of the 1975 Defence Review.

Thus, the decision to be taken by the three governments has a much greater long-term significance even than that of settling the future of MRCA itself—vital though that undoubtedly is. For all these reasons, it is being anxiously awaited by the air forces and by the manufacturers involved. The discussions between the three governments are concentrating not only on the financial problems involved—there is still further research and development funding to be provided, while the production programme itself on over 800 aircraft is hardly likely to cost less than, say, £4bn., although it must be stressed that this is spread over the three countries and over a very long period (certainly five to seven years and probably much closer to ten). It is a big decision, therefore, and not one to be taken lightly.

Optimism

There does not seem to be any doubt that the basic, or common version will be given the full production go-ahead. This optimism stems from the fact that the air forces of all three countries are now so dependent on getting the MRCA to replace ageing aircraft in their existing inventories that, if it were to be scrapped, or even cut back, it would amount to a disaster. In the RAF, for example, the basic MRCA is intended to replace the ageing Vulcans, Canberras and Buccaneers in the overland strike, reconnaissance and maritime strike roles. The projected Air Defence Variant for the RAF alone is intended to replace the Lightnings, and eventually also the Phantoms, in the air defence of Britain. In the German Air Force and Navy, the basic MRCA will replace F-104 Starfighters in the battlefield strike and ground support roles. In Italy, it will replace the F-104s in the primary roles of reconnaissance and support for land and naval forces.

Because of this heavy demand for a new aeroplane, any decision to cut back on the basic version of the MRCA would be certain to result in pressures from the air forces concerned to buy another to take its place.

This would almost certainly have to be an American type, probably the McDonnell Douglas F-15 Eagle, or perhaps even the General Dynamics F-16 lightweight combat aircraft. It would be costly, however, even though there would probably be a measure of offset through industrial work on the American replacement aircraft being given to the European aerospace industries—and so in the long run there might not be any significant cost benefit in cutting MRCA at all.

Damage

At the same time, there would undoubtedly be considerable long-term damage to European aerospace industries denied the design, development and production of any indigenous advanced combat aircraft of their own. For there is not much doubt that, if the basic MRCA were to be scrapped or downgraded, there would be little or no chance of the European aerospace industries' getting back into the advanced technology of supersonic military aircraft development at any later date without spending an even bigger amount of money. If MRCA were ever to go, therefore, the bulk of European military aircraft technology for the future would go with it. For all these reasons—which have been put forcefully to the governments concerned over recent months—there is a reasonable measure of confidence that the basic MRCA is safe.

Where there is still some area of concern, however, is over the so-called ADV aircraft, the variant specifically wante[d by] the RAF, but not by Germany or Italy.

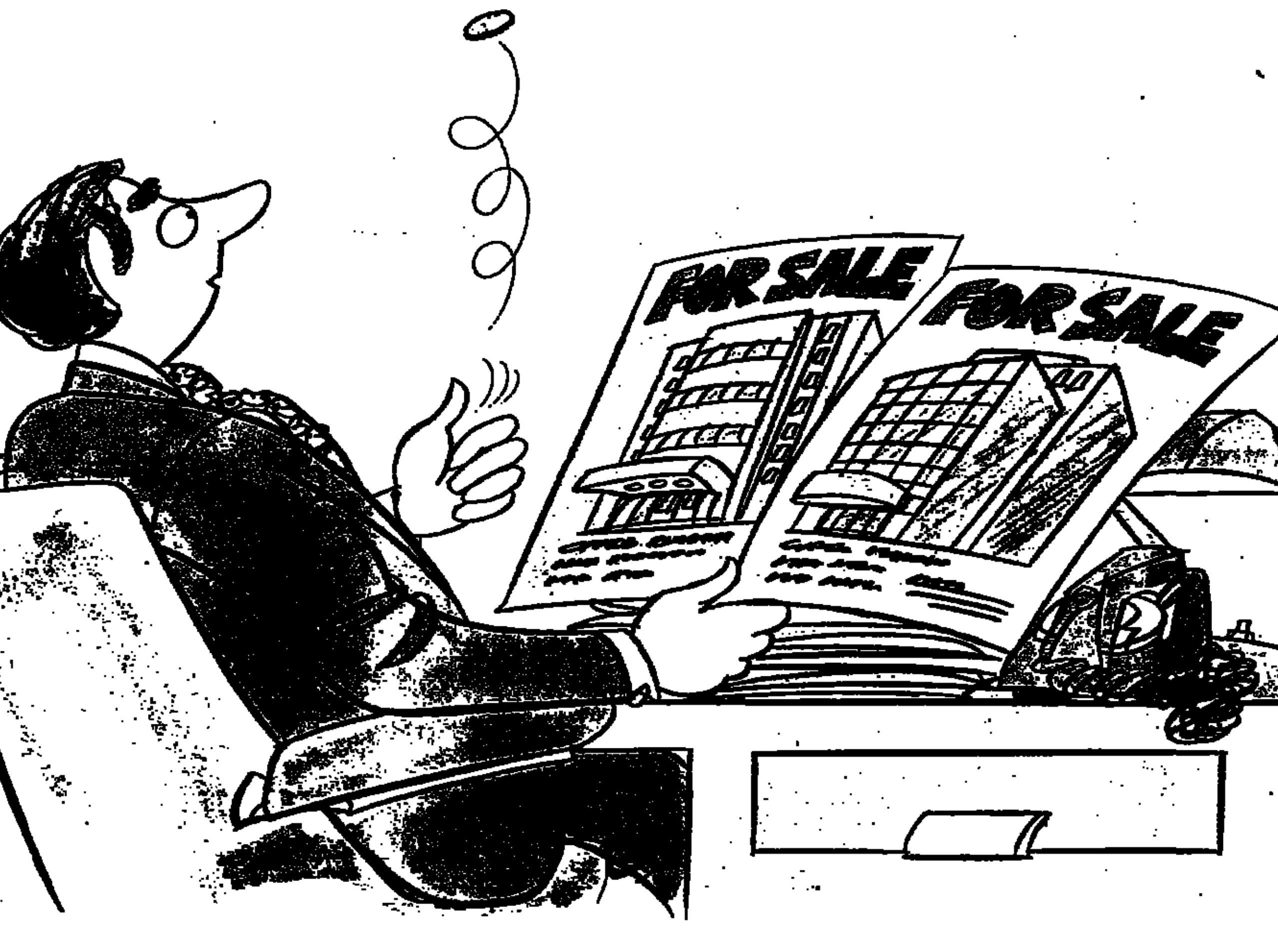
The RAF has a daily ta[sk of] intercepting and identi[fying] Soviet reconnaissance air[craft] seeking to penetrate into U.K. and North Atlantic [air] space. There is no [doubt] whatsoever in the minds o[f the] Air Staff that it is an impo[rtant] peace time function and w[ould] be a vital one in wa[r. It] is for this reason, they a[rgue,] that the specialist ADV air[craft] is essential, which is why [they] have been pressing the Go[vern]ment hard in recent m[onths] not to cut it back.

Push up costs

They had believed that, [sub]ject of course to no [major] disasters in the flight test [pro]gramme and to all other as[pects] of the MRCA going well [(in]cluding cost control), they [had] managed to convince the [Gov]ernment in the Defence Re[view] last year of the i[mpor]tance of the ADV, and [that] there was no danger of its [being] scrapped or even cut back. [Now,] however, with the suggesti[on of] possible further cuts in de[fence] spending as part of an o[verall] Government retrenchment [pro]gramme, the ADV may [once] more come up for scrutiny. [As] a result, the defence chief[s are] again arguing strongly [that] MRCA in all its versions is [vital,] and that even to cut bac[k on] the ADV would be severe[ly] disrupt the programme.

This is because the pr[oduc]tion costs are being establi[shed] on the basis of the entire [run of] aircraft, including the U[.K.] ADVs. Any cut in the nu[mber] of ADVs would be boun[d to] push up the production cos[ts of] the remaining basic air[craft,] which is not likely to p[lease] either the Germans or [the] Italians.

This also explains why e[very]body associated with the [pro]gramme wants to get this w[hole] question of whether or [not] MRCA is going to be inter[fered] with under any further defence review settled as [soon] as possible. For once the [pro]duction total is fixed, mat[erials] ordered, and work is rol[ling,] any subsequent changes of [plan] would be even more disrup[tive.]



Benn backs Coal Board's power market campaign

Y ROY HODSON

NATIONAL COAL BOARD the National Union of Mineworkers have found an ally in Anthony Wedgwood Benn, Secretary for Energy, in their paign to give coal a larger e of the electricity generat- market. Mr. Benn has let it known that he will support coal industry.

s enthusiasm for coal was ed by a paper prepared by Derek Ezra, the NCB chair- saying that four of the load power stations could up to £250m. on oil imports urning an extra 4m. tons of in the coming financial and 7m. tons the next year.

ssible flaws

e Central Electricity Gener- Board has not been ulted about Sir Derek's sub- ion to the Minister. If it nvited to comment, it is cted to point out a number. ssible flaws to the plan.

perficially, the costings are ctive. Greater use of in- nous coal instead of im- ed oil would be useful in nce-of-payments terms. Coal is also the slightly cheaper fuel at present.

A therm of heat from heavy fuel oil of the type used in power stations costs the CEGB about 8p, whereas a similar amount of heat from coal costs about 7p (including 1p handling costs).

However, the CEGB has long-term contracts with the oil companies which are at advantageous prices because of assured continuity of demand.

To break or disrupt those contracts might nullify specific savings from the four power stations which can burn either coal or oil.

Distribution of the extra coal supplies needed might also put the CEGB at risk in a hard winter. The Department of Energy and the NCB said at the beginning of this winter that harsh weather would cause disruptions to coal supplies.

Another factor is the reluctance of the CEGB to break assured oil supply arrangements in favour of coal without watertight assurances that the price of coal would not then rise.

Sir Derek Ezra is anxious to avoid a general increase in coal prices this winter, and is confident that the industry can achieve this. But a price rise after March seems inevitable and would wipe out much of coal's cost advantage over oil.

Exploration drive

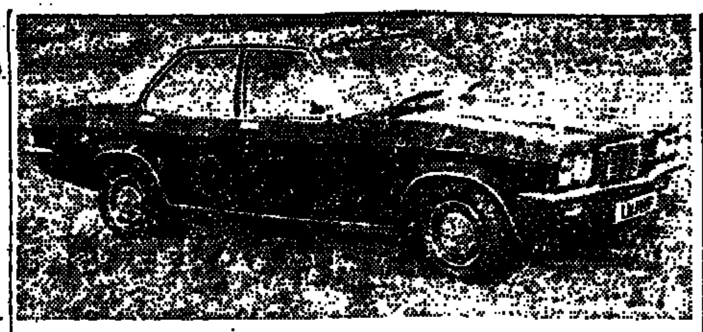
The NCB is embarking upon a big expansion of its coal exploration programme. "We have to make up for the almost total lack of exploration during the years of the industry's decline," Sir Derek said yesterday during a pit visit to Staffordshire.

The Board has almost doubled the number of boreholes sunk this year and is considering spending more than £9m. on further exploration in the next financial year.

The programme has been expanded to 102 boreholes for this year, including four offshore to confirm undersea coal reserves for the North-East Region pits.

The Board has 21 rigs searching for coal—nearly as many as there are oil rigs in the North Sea.

Sir Derek said that the NCB was finding coal "four times as fast as it was being mined."



A NEW top-of-the-range Vauxhall, the VX 2300 GLS, is to be unveiled to-day at the Brussels Motor Show.

It replaces the Ventora and features improved engine mounting and insulation systems to reduce noise. The engine has been uprated from 100 bhp to 108 bhp and externally the car has a new front spoiler, new grille and vinyl roof.

The names Victor and Ventora are to be dropped from the range and replaced by the "VX" designation. Both models are due to have their specifications increased.

Swan Hunter is hoping for more naval orders

SWAN HUNTER hopes to hear within about a month that it has won more naval orders from the Ministry of Defence to ease its immediate problems, Mr. Tom McIver, the group managing director, indicated yesterday when he met union officials at the Haverton Hill yard, Teesside.

Swan Hunter seems to be in the running for one or perhaps two Type 42 missile destroyers for the Navy.

It is also possible that another destroyer of this class, the Cardiff, whose fitting out at Vickers, Barrow, has been held up by labour shortages, will be switched to Swan Hunter for completion.

This naval work will be handled on the Tyne, enabling Swan Hunter to juggle its existing merchant orders and place another ship at Haverton Hill.

The only work in hand at Haverton is a 500-ton steel pontoon and a 167,000-ton Obo ship, now fitting out for completion in a few months. Another ship of some size must be laid down quickly if jobs are to be saved.

ME CONTRACTS

GEC Switchgear wins 3m. CEGB order

SWITCHGEAR has received rder worth over £3m. from Central Electricity Generating d for the supply of switch- for Kemsley substation, near ngbourne, Kent, as part of a forcement of the 400kV m necessary to connect the 3300MW Grain generating on to the 400kV grid. missioning is scheduled for g 1978.

★

BERT small tools and equip- t broach division, Redditch, cestershire, has won its est order for tooling since section was established 30 s ago. Herbert will supply Bristol engine division of -Royce with broaches, broach ers and hydraulic fixtures for nstallations which will be used e manufacture of blades for Turbo-Union RB 199 turbo- powerplant of the European n-role combat aircraft.

★

UDE ENGINEERING, part of nan Heenan International, received an order worth t £1.8m. from the diesel divi- of Rolls-Royce Motors, wsbury. It covers the supply omplete equipment for eight e test cells, some of which be used for testing diesel nes and others for testing ined diesel engine and mission power packs.

★

RNATIONAL COMPUTERS won an order from the Inland enue for a 1.5M byte ICL 2970 h about £1.7m., to be installed rds the end of 1976 at a new unts office in Cumbernauld, land. It will be used for pro- ng the collection of PAYE Schedule D income-tax.

★

N LAING CONSTRUCTION been awarded a contract to 1 more than 100 new homes Thames Valley Housing ety. The £1.4m. development, nced by the Housing Corpora- is at Willow Gardens, Sutton e, Hounslow. Near Heathrow ort, it will consist of several and medium-rise buildings aining 108 one- and two- room flats in two main blocks. re will also be parking for 123 in a basement under one of blocks.

★

EYWELL INFORMATION TEMS has received an order th more than £600,000 from Natural Environment earch Council for a Series 60 puter system costing in excess 600,000 to be delivered to the NERC Institute of Oceanographic Sciences next summer. It will be used for a scientific research, including marine geology, marine physics and marine biology, and also to provide additional data-base facilities for the British Oceanographic Data Service.

★

VACMETAL (UK), Winsford, Cheshire, has been awarded a £240,000 contract by British Steel Corporation for the design, supply and installation of a ladle degassing unit in BSC's Rotherham works. The unit, which has a ladle capacity of 165 tonnes, is scheduled to become operational early in 1977.

★

HESTON TECHNICAL SERVICES has won a contract from British Airways, European division, for the design, manufacture and commissioning of equipment for testing leading edge slat actuating components for TriStar aircraft.

★

F. T. DAVIS (KINGS LANGLEY) has received a marine furniture order worth £140,000 from Yarrow (Shipbuilders). Modular in concept, the furniture is to be manufactured for a new Type 22 frigate. The first ship of this class is at presenet under construction on the Clyde for the Ministry of Defence. To comply with MOD fire regulations, each item will be constructed from aluminium components.

★

BENBOW SHOPFITTING has been awarded three shopfitting contracts totalling about £140,000, two for branches of Peter Lord, the retail shoe chain, at Newcastle-on-Tyne and at Brent Cross Shopping Centre NW2, and one for a branch of Miss Selfridge at Norwich.

★

SIMON-VK, a Simon Engineering company has received an order worth £125,000 from Barnes Flexible Packaging, Manchester, for a Centraflex central impression printing machine which will be used for wrapped bread packaging.

★

LEASCO SOFTWARE, Maidenhead, Berks., has won a study contract from the Greater Glasgow Passenger Transport Executive to investigate technical and operational requirements for a crew protection and location system (PALS). Leasco will be assisted by its associate company Inbucon/AIC Management Consultants, who will evaluate the human relations aspects

Government considers grants for modernising

THE GOVERNMENT is "seriously" considering the provision of modernisation grants for engineering projects costing up to £500,000 and begun before the end of September this year. The aim is to enable the industry to catch next year's expected world trade boom.

The Chancellor of the Exchequer will reply at next week's NEDO meeting to the plan, which has been suggested by Sir Ronald McIntosh the NEDO director-general.

Sir Ronald spoke of his suggestion in Leeds yesterday after he had met the Yorkshire and Humberside economic planning council to discuss the region's industrial trends over the next 10 years.

Stressing the danger of missing the world trade boom by coming out of the recession later than other major industrial countries, Sir Ronald said: "One of the suggestions I have made to NEDO and to the Chancellor of the Exchequer is that the Government should make available modernisation grants for investments in the engineering industry for schemes costing up to £500,000 and started before the end of September 1976.

Simple way

"The Chancellor of the Exchequer is considering this suggestion seriously and will tell the Neddy Council of his view next week.

"I suggested modernisation grants because it seems to me the most simple way of doing it. The money would come from the taxpayer, but unlike much Government expenditure it would generate wealth."

Sir Ronald also hinted that little Neddy committees for the foundry industry and the machine tool industry would soon bring out schemes for Government aid under the Industry Act similar to the modernisation schemes already announced for wool textiles and clothing.

Top priority

He repeated his fear that Britain would be late into the trade boom because it was late entering the world recession. "It is really how we respond to the next two years. The top priority for this country now is to get an investment boom by bringing forward investment into 1976 which would not take place until 1977.

"Otherwise we would not have the capacity to respond to the rise in world trade until it had peaked out and if that happened our position would be very serious. We would no longer be in the league of big industrial countries.

"There is no need for that to happen. We have the possibility to modernise and re-equip industry by bringing inflation to below 10 per cent. in 1977 and to get increasing productivity as growth returns to the economy.

"If we do that in the next three to four years, when North Sea oil comes along in a big way in 1980, we could have a very different picture in the years between 1980 and 1985."

BANK RETURN

—	Wednesday Jan. 7 1976	Inc. (+) or dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	20,368,608	— 1,909,583
Special Deposits	980,305,000	—
Bankers	328,066,646	—159,412,505
Reserves & Other Accs.	345,372,802	— 4,940,086
	1,688,665,956	—166,262,174
ASSETS		
Govt. Securities	1,298,106,633	—176,945,000
Advance & Other Accs.	285,201,606	— 2,144,143
Premises, Equip't & other Secs.	82,549,700	— 355,029
Notes	22,647,812	+ 13,192,507
Coin	180,305	— 10,509
	1,688,665,956	—166,262,174
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	6,150,000,000	— 200,000,000
In Circulation	6,127,352,188	— 213,192,507
In Bank'g Dept.	22,647,812	+ 13,192,507
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	5,624,198,235	— 140,898,344
Other Securities	514,786,665	— 59,101,656
	6,150,000,000	— 200,000,000

APPOINTMENTS

Turner & Newall new chairman

Mr. P. W. C. Griffith, deputy chairman of TURNER AND NEWALL, is to become chairman on August 1. He will succeed Sir Ralph Bateman, who retires from the chairmanship and the Board at the end of July. Mr. S. Gibbs will be deputy chairman and Mr. C. W. Newton and Mr. J. K. Shepherd, managing directors.

★

Mr. Kenneth Ebbs has been appointed a director of MEDMINSTER. He was assistant general manager of Barclays Bank.

★

Mr. A. W. John has been appointed a part-time member of the PRICE COMMISSION. Mr. John is a chartered accountant and recently retired as finance director of Urugate.

★

Mr. Ivan Richardson has been appointed a director of SKETCHLEY and managing director of the cleaning division from January 12. Mr. K. W. Lee becomes chairman of the cleaning division until his retirement in January 1977. Mr. Lee will also undertake evaluation of specific growth opportunities for the group chief executive.

★

Mr. S. D. Menist has resigned from the Board of CRUSADER INSURANCE and is replaced by Mr. B. Banker, vice chairman of the Board of the Fireman's Fund American Insurance Companies. Mr. D. S. Purdy is now retiring and has resigned from the Board.

★

Mr. D. E. G. Prain has resigned as a director of the BRITISH-BORNEO PETROLEUM SYNDICATE. Mr. S. D. Brooks has joined the Board.

★

BRITTAINS (GROUP MANAGEMENT). In announcing the formation of this new company and the composition of its Board yesterday, the name of the holding company appeared as Brittains Print Ltd. This should have read Brittains Ltd.

★

Beamish Belisha and Co., stockbrokers, announces that from January 23, Mr. R. T. Foster and Mr. J. R. B. Russell-Stracey, senior partner and dealing partner respectively, of the former Beamish and Co., will be leaving the partnership to join VANDERFELT AND CO. as associated members. The style of Beamish Bellisha and Co., will remain unchanged.

★

Mr. Christopher H. Harmer and Mr. Barrie C. Johnston have been appointed directors of CHARTERHOUSE JAPHET (MIDLANDS), the Birmingham branch of London merchant bankers Charterhouse Japhet. Mr. Harmer has retired as senior partner of Pinsent and Co., solicitors. Mr. Johnston is a director of Charterhouse Japhet.

★

Mr. John D. Powe has been appointed to the Board of COURVOISIER.

★

Mr. Angus Rae has been appointed to the Board of SERVOIL as director of engineering services. Servoil is a subsidiary of James Finlay and Co.

★

Mr. J. H. Wilson has been appointed to the Board of the FAMILY INVESTMENT TRUST.

★

Mr. R. A. Henderson, chairman of Kleinwort Benson has resigned from the Board of ASSOCIATED BISCUIT MANUFACTURERS. Mr. W. H. N. Wilkinson, a director of Kleinwort Benson, has been appointed to the Board in his place.

★

Mr. Henry Weavers, deputy chairman of H. S. Weavers (Underwriting) Agencies, has been appointed to the Board of LONDON UNITED INVESTMENTS, the parent company.

★

Mr. B. D. Bullimore has been appointed a director of SCHRODER FINANCE and SCHRODER LEASING, subsidiaries of Schroders.

★

Mr. Robert C. Lambert and Mr. Peter R. Miell have been appointed to the Board of FAIRVIEW ESTATES (ENFIELD), the main operating subsidiary of Fairview Estates.

★

Mr. A. L. Shearer has joined the Board of CHARCON, a subsidiary of the Charterhouse Group, as Finance director for the Charcon group. He was finance director of Charcon Products.

★

Mr. Ward Stewart, managing director of ALCOA OF GREAT BRITAIN, has been appointed Alcoa's regional manager for Europe and Africa and will be based in London. Mr. J. L. McLay, who has been managing director at International Alloys, will take up the newly created post of managing director of Alcoa Manufacturing (G.B.) from February 1. Mr. H. B. Grainger, formerly works director at Alcoa Manufacturing, Swansea, has been named manufacturing director. Mr. W. Moulding, formerly managing director, Alcoa Foils (GB), will replace Mr. McLay at International Alloys and Mr. R. W. Devereux, commercial director of Alcoa Foils, becomes managing director.

★

Dr. Dieter Kunkel, managing director AEG-Telefunken (U.K.), is leaving the British subsidiary to take up the post of president of AEG-TELEFUNKEN France. His place in the U.K. will be taken by Dr. Hans Klemm, who was a director of AEG-Telefunken in South Africa and Germany. Mr. Werner Zickermann and Mr. Kurt Wiedenhaupt have been appointed to the Board of AEG-Telefunken (U.K.).

★

Mr. R. P. Peake, previously a director and general manager, has been appointed managing director of COX AND WRIGHT. Mr. P. G. Wilson has been made a director. The company is now a member of the WGI Group.

★

Mr. Adrian Baker has resigned his appointment as managing director of KARL EYBL (U.K.).

★

Mr. P. J. I. Walker and Mr. J. McLeod have joined the Board of CHANDLER HARGREAVES WHITTALL AND CO. Mr. E. F. Marsh has been made reinsurance director.

★

Mr. R. H. Beresford has been elected a director and an executive vice-president of ESSO EUROPE INC.

★

David Charles has made a number of appointments to the Board of A. E. SYMES (CITY). These include Mr. R. S. L. Buckingham (chairman), Mr. F. Hobbs (managing director), Mr. R. A. Rutherford, Mr. W. Davies, Mr. S. I. Tarn, Mr. J. H. Stevens (executive director) and Mr. J. A. Gower.

★

Mr. R. Utiger, managing director of British Aluminium, has been appointed a part-time member of the Board of the BRITISH NATIONAL OIL CORPORATION.

★

Mr. W. H. Lowrie has been appointed to the Board of BLUNDELL-PERMOGLAZE. He is managing director of W. H. Lowrie, a subsidiary.

★

Mr. Geoffrey Myers, has been appointed deputy general manager, Eastern Region, York, BRITISH RAIL.

★

Mr. Trevor Dear has been appointed to the main Board of WALTER BRIAN.

★

ALEXANDER HOWDEN GROUP has made the following changes within the group: Sphere Insurance Company and the Drake Insurance, Mr. J. H. Carpenter becomes chairman, and Mr. A. J. Page a director of both companies; Sphere Drake (Underwriting), Mr. J. A. Turner appointed chairman and Mr. J. A. Boughtwood and Mr. R. J. Flint directors; Alexander Howden and Swann, Mr. C. G. Bird and Mr. V. A. Prust become directors; Howden Management Services, Mr. R. J. Graham a director.

★

Mr. P. G. Lowe and Mr. David Pitts have been elected vice-presidents of the ELECTRICAL CONTRACTORS' ASSOCIATION. Mr. Peter D. Dey has become secretary in place of Mr. Bruce Gray, who continues as a director.

★

Mr. Basil Turvey, managing director of the VICTORY INSURANCE COMPANY, will be retiring on May 31. On April 1, Mr. C. S. S. Lyon, chief executive, will be returning to Legal and General Assurance Society to take up a senior appointment with the society. Mr. Lyon will remain a director of the company. Mr. Alan L. Preston, the present deputy general manager, will succeed Mr. Lyon as chief executive, and will be appointed to the Board from the same date.

★

Mr. J. M. Reid, joint managing director of the horticultural division of R. AND G. CUTHBERT has been appointed to the main Board.

STOCK EXCHANGE REPORT

Gilt boom continues but equities begin to look tired

Index up 0.7 at 390.5, after 393.1—Golds give ground

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec. 29	Jan. 8	Jan. 9	Jan. 20
Jan. 12	Jan. 22	Jan. 23	Feb. 3
Jan. 26	Feb. 5	Feb. 6	Feb. 17

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Although volume yesterday was a little short of Wednesday's remarkable scale, continuing heavy support for British Funds again provided the main theme in stock markets. Interest was fairly well balanced between the longs and shorts, but the former achieved the larger rises which extended to a point and more for three-day gains of nearly 4¼ points in some instances. Both sections suffered a midday reaction when a lull in the upturn prompted profit-taking, but this proved short-lived and a fresh upward movement left closing quotations at the best. Final improvements at the shorter end were rarely more than ½, reflecting an element of restraint imposed by some sizeable liquidation in relation to that experienced in the longs. News of another U.S. Prime rate cut to 7 per cent. underpinned sentiment late but major imponderables to-day include Minimum Lending Rate and announcements concerning either a short or long "tap" issue, or both. Corporations again followed the main funds higher.

Equity markets remained in good heart yesterday, but the emphasis was again on selected second-line stocks; after making fresh progress in the morning, the leaders ran out of steam. Up 3.8 at its best of the day at noon, the FT 30-share index closed only 0.7 higher on balance at 390.5. Although the volume of trade was modest, some good-sized buying orders were seen initially. However, once these had been completed, interest faded and prices drifted back on light profit-taking.

Elsewhere, most areas saw a useful two-way trade, with property shares again particularly active. *Most of the day's gains* were small and not as widespread as on Wednesday. This was reflected in a majority of rises over falls by about 2-1 in F.T.-quoted Industrials compared with the previous day's ratio of 6-1. The FT-Actuaries All-Share index hardened 0.4 per cent. more to a fresh 1975-76 peak of 164.54. Official markings of 8,143 remained well above the recent average.

Uncertainty ahead of the IMF's decision on the sale of its gold holdings set the seal for a reaction of $2.50 to $136 per ounce in the bullion price which prompted a reaction in Gold mining shares. Some fairly substantial losses were mirrored in a fall of 11.7 to 232.9 in the Gold Mines index.

A routine trade in investment currency made no great impression on the premium which fluctuated narrowly between 111¼ and 112¾ per cent. before closing a net ½ easier at 111¼ per cent. Yesterday's SE conversion factor was 0.6014 (0.6036).

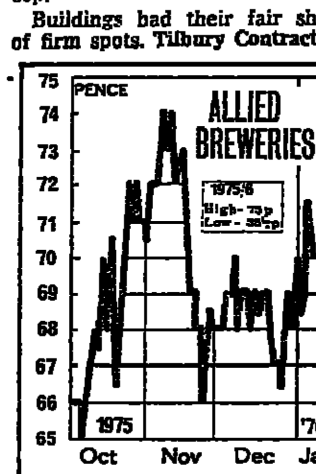
Lloyds better

The big four Banks encountered a brisk trade and closed firmly although a couple of pence below the best. Lloyds fared well at 250p, up 7, with sentiment helped by favourable Press comment. Barclays and National Westminster both improved 5 to 310p and 263p respectively but Midland ended unaltered at 295p. Clive were an isolated dull feature in Discounts, easing 4 to 70p on the interim statement. Seccombe Marshall and Campion added 15 to 270p. Among Hire Purchases, Lloyds and Scottish hardened 4 more to 88p.

The volume of business contracted quiet sharply in Insurances but prices still managed to edge forward in places. Phoenix improved 4 to 212p and Sun Alliance were 3 to the good at 435p as were Eagle Star at 128p.

Steady at around 71½p immediately in front of the results, Allied eased to 69½p on disappointment *with the preliminary* profits, before closing 1½ off at 70p. Elsewhere in Breweries, Press coment forecasting bumper interim profits when the company reports next Tuesday left Scottish and Newcastle a penny better at 60p.

Buildings had their fair share of firm spots. Tilbury Contracting stood out at 263p, up 8, while International Paint, 255p, and SGB, 110p, put on 5 apiece. On the bid front, H. C. Janes improved 8 to 188p in sympathy with a rise of 2 to 121p in Barratt Developments.



ICI moved up 3 to a 1975/76 peak of 347p. Elsewhere in Chemicals, Alginate were noteworthy for a rise of 10 to 178p.

Burton 'A' wanted

Stores closed little altered following a good two-way business. Burton "A" closed 2 better at 49p following some good investment demand. British Home Stores improved 6 more to 354p for a two-day rise of 14. Marks and Spencer held at 106p, after 107p, but "Gussies" "A" ended 2 easier at 214p. Among secondary issues, Ladies Pride revived with a jump of 8 to 48p on small buying in a thin market. Spirella *hardened 2½ to 60½p, while gains* of 5 were seen in Lee Cooper, 75p, and Combined English Stores, 88p. In Shoes, Stead and Simpson "A" closed a penny cheaper at 33p following the interim statement.

Leading Electricals stayed fairly active although, with profit-takers having the edge, tended to close a little easier on balance. GEC were finally 3 softer at 147p and EMI 2 off at 237p, after 240p, while Philips' Lamp, 908p, gave up 5 more of the recent good rise. Plessey managed to close a penny harder at 74p, after 76p. The Post Office's decision to lift its embargo on new contracts for telephone cables made little impact on BICC, which closed unaltered at 126p, after 127p. Elsewhere, a sizeable buyer in a rather short market left Comet Radiovision 6 to the good at 54p, awaiting news from the annual meeting.

Renewed investment support, plus news of the £50m. missile contract, carried Hawker up 8 to a fresh 1975/76 peak of 370p and Vickers were again in demand, rising 4 to 160p, after 163p, but Tube Investments rescinded an early gain of 4 to close unchanged on balance at 324p. GKN hardened 2 to 274p. Secondary issues had prominent features in Blackwood Hodge, up 11 to 149p in a thin market, and APV which rose 7 to 242p. Revived demand in the initial absence of sellers lifted Dunford and Elliott to 50p before a close of 3½ higher on balance at 48p. Expanded Metal picked up 4 to 67p and Burgess Products a similar amount to 40p. CompAir rose 3½ to 77½p and Wolseley-Hughes 5 to 120p, but Howden fell 5 to 80p reflecting disappointment with the interim results. Spear and Jackson were also easier at 99p, down 3, and Whessoe remained at 47p, the latter despite the forecast of a return to profitability this year. Vosper stood out in Shipbuildings, moving up 3½ to 68p; the preli*minary figures* are due on Tuesday.

Tate and Lyle continued firmly in Foods, rising 4 more to 265p; the preliminary figures were announced January 23 last year. Brooke Bond attracted a fair amount of interest following Press mention, the Ordinary closing 2 better at 41p and the new nil-paid finishing 1½ harder at 9p premium. Fitch Lovell closed a penny harder at 53p following news of further rationalisation moves, but Somportex eased 2 to 55p after the interim report. Small buying in a thin market raised Danish Bacon "A" 7 to 158p, while Bernard Matthews improved 3 to 73p. Cavenham contrasted with a fall of 4 to 127p.

J. Lyons "A" consolidated Wednesday's rise of 10 by hardening 2 further to 154p. Ladbroke added a penny at 103p after a reasonable trade and Leisure and General picked up 2 at 35p.

Boots up again

Miscellaneous Industrial leaders closed on a mixed note following a reasonable turnover. Glaxo, 370p, and Reed International, 232p, reacted 5 apiece, while fresh profit-taking left Wilkinson Match 4 cheaper at 146p. Unilever closed 2 off at 452p, after 450p, but renewed demand left Boots 4 higher at 144p, after 146p. Metal Box improved 5 to 295p and Reckitt and Colman ended 4 firmer at 338p, after 340p. Rank Organisation "A," with results due January 22, were 2 harder at 165p. Elsewhere Incledon and Lamberts continued to benefit from favourable investment comment and added 3 at 51p for a two-day rise of 7. The third-quarter statement left Morgan Crucible 2½ better at 82½p, *while Hawkins and Tipson* closed a penny firmer at 78p on the increased profits. Johnson Matthey rose another 9 to 352p, while Gomme Holdings, 99p, and Maynards, 92p, both gained 6. In contrast, J. H. Fenner declined 4 to 128p on the chairman's statement at the annual meeting, while Halma, reflecting the half-year profits set-back, lost 2 to 18p. The proposed "rights" offer coupled with the profits and dividend forecasts left Brown Boveri Kent unmoved at 27p.

Motors and Distributors attracted more business than of late and closed firmly. Dowty moved up 4 to 146p, while British Leyland, 27p, and Rolls-Royce, 70p, put on 2 apiece, the latter following the chairman's encouraging remarks on trading. Interest was also shown in Dunlop, 3 better at 73p, and Jonas Woodhead, 4 higher at 89p. ERF provided a dull contrast at 28p, down 3, on the interim dividend omission and first-half loss. In Garages, Tate of Leeds improved 7½ to 23p on small buying in a thin market.

Interest in Newspapers lessened considerably but the undertone remained firm and United gained 4 more to 230p. Associated Book Publishers rose a like amount to 64p following demand in thin market and Alliance Alders, among Paper/Printings, put on 1½ to 38½p after the interim results. Comment about current trading prospects deterred fresh buying of McCorquodale which, at 230p, shed 2 of Wednesday's 8 rise on the preliminary results.

Percy Bilton higher

Activity in the Property leaders remained at a high level but prices closed little changed after narrow fluctuations in a fairly evenly balanced two-way trade. MEPC managed an improvement of 3 at 93p and Amalgamated Investment and Property ended a penny firmer at 22p, while Land Securities, 194p, after 195p, closed without alteration. Elsewhere, Percy Bilton continued to find favour and moved ahead 7 more to 157p, while London Bridge Securities added 5 at 20p in a thin market. Samuel Properties, still helped by Press comment, gained 4½ more at 42p, while news of the successful letting of a German property development left C. H. Beazer 4 better at 128p. Waite and Son, 79p, and Slough Estates, 89½p, both closed 3 higher, and *Laganvale Estates rose 2 to 8p.* Bellway Holdings hardened a penny to 52p, the price and move*ment in yesterday's issue* were incorrect. On the dull side were Maybrook Properties, 4 down at 30p.

Oils once again failed to participate in the general trend and Shell actually lost 2 to 390p, after 388p, while British Petroleum eventually reverted to the overnight level of 595p, having opened slightly lower at 590p. Adverse Press comment drew sellers to Burmah, which eased 1 to 31p, and Ultramar slipped 2 to 208p.

Overseas Traders stayed generally firm. Inchcape improved 5 further to 380p ahead of the interim results due in two weeks' time. Harrisons and Crosfield put on 25 to 925p and Great Northern 3 points to £50, but Lonrho recorded a loss of 3 at 124p.

The current increase in stock market activity, particularly in gilts, attracted fresh buyers to stock jobbing concern Akroyd and Smithers which surged forward in active trading to close 18 higher at 203p, after 207p; Smith Bros. firmed 3 to 62p in sympathy. Elsewhere in Financials, Lampa Securities were active and touched 122p before closing 6 up on balance at 118p. In a thin market, Massmutual Mortgage and Realty Investors rose 60 to 875p.

Shippings closed with narrow mixed price movements after another negligible business. P & O Deferred eased 2 to 90p and Reardon Smith "A" shed 5 at 91p. Common Bros, however, were that much better at 90p.

Demand was more selective in *Textiles where a number of useful* gains were recorded. S. Lyles were outstanding at 48p, up 9, while Hollas rose 4 to 46p, the latter on the good interim results. Slimma also firmed 4 at 44p. Courtaulds continued higher in sympathy with other market majors, closing 2 better at 158p.

Golds marked down

South African Gold shares declined in the wake of the sharply lower bullion price which was finally down $2.50 at $136 per ounce, its lowest closing level since September 25.

Jobbers marked down share prices in the face of persistent selling from all quarters in front of the outcome of the International Monetary Fund meeting concerning the sale of 25m. ounces of IMF gold. Prices closed marginally above their worst following small U.S. "cheap" buying in later dealings but the Mines index was still 11.7 down at 232.9.

Losses in the heavyweights ranged to 1½ in West Driefontein (£33½), with falls of a point in Hartebeest (£17), Free State Geduld (£20¾) and St. Helena (£22).

Among the lower-priced issues Venterspost (350p) and Doornfontein (700p) were both 20 lower while Kloof fell 45 to 650p.

Financials mirrored ... Anglo American closed at the day's lowest of 330p, a fall ... while Union Corporation were down at 450p. Among the London-based issues Charter and ... Fields were both 5 lower at ... and 215p respectively. De Beers came back 6 to 313p on profit-taking.

In Platinums, Potgietersrust ... 11 to 135p and Bishopsgate ... 100p on Cape selling.

Profit-taking also left ... showing losses with ... easier at 233p and Botswana 3 down at 65p. On the other hand Palabora hardened to 880p ... were neglected.

Australians were firm ... the mixed trend in overseas home markets. Pancontinental rose 10 to 920p, while AW ... gained 4 to 142p. Whim Creek recovered all of Wednesday's fall to close at 30p following demand.

FINANCIAL TIMES STOCK INDICES

—	Jan. 8	Jan. 7	Jan. 6	Jan. 5	Jan. 2	Dec. 31	A year ago
Government Secs.	62.09	61.82	61.01	60.46	60.19	59.85	[illegible]
Fixed Interest	61.10	60.71	60.16	60.01	59.73	59.34	[illegible]
Industrial Ordinary	390.5	389.8	384.6	381.6	384.8	375.7	[illegible]
Gold Mines	232.9	244.6	242.9	243.2	246.8	238.0	[illegible]
Ord. Div. Yield	5.39	5.40	5.47	5.50	5.46	5.58	[illegible]
Earnings Y'ld % (full)	15.05	15.08	15.25	15.35	15.24	15.56	[illegible]
P/E Ratio (net)	9.75	9.73	9.62	9.55	9.62	9.41	[illegible]
Dealings marked	8,143	8,789	8,309	7,117	4,317	6,006	[illegible]
Equity turnover £m.	—	105.66	60.49	62.38	46.56	40.9	[illegible]
Equity bargains total	—	21,414	18,036	19,651	11,569	13,718	[illegible]

10 a.m. 390.5. 11 a.m. 392.8. Noon 393.1. 1 p.m. 392.2. 2 p.m. 392.0. 3 p.m. 390.1.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=9.67.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975/6 High	1975/6 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.54 (22/5)	49.18 (8/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.51 (21/5)	50.53 (6/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	390.5 (8/1)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	218.4 (1/12)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Jan. 8
Daily—	
Gilt-Edged	214.9
Industrials	276.1
Speculative	54.2
Totals	185.3
5-day Average	
Gilt-Edged	201.1
Industrials	242.8
Speculative	57.4
Totals	367.3

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Equity groups	Thu. Jan. 8, 1976: Index No.	Day's Change %	Est. Earnings Yield % (Max) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Wed. Jan. 7 Index No.	Tuesday Jan. 6 Index No.	Monday Jan. 5 Index No.	Friday Jan. 2 Index No.	Year ago (approx.) Index No.	1975/76 High	1975/76 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	147.89	+0.8	15.64	5.69	9.62	9.62	146.72	144.13	144.61	143.65	53.65	147.89 (2/1/76)	51.78 (6/1/75)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (29)	145.02	+0.3	11.91	5.79	12.83	12.82	144.55	141.69	142.05	140.77	47.18	145.02 (2/1/76)	45.11 (6/1/75)	233.84 (2/5/72)	44.37 (11/12/74)
3	Contracting, Construction (23)	255.59	+1.3	13.99	3.77	11.05	11.05	252.25	248.66	250.79	248.41	77.07	263.54 (18/11)	74.74 (6/1/75)	389.35 (19/5/72)	71.48 (12/12/74)
4	Electricals (16)	260.24	+1.1	16.77	4.56	8.74	8.74	257.43	250.60	253.11	250.93	105.47	260.24 (8/1/76)	98.49 (2/1/75)	350.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	167.12	+0.6	19.38	7.02	7.87	7.87	166.17	163.90	164.29	163.96	66.80	167.12 (8/1/76)	64.39 (2/1/75)	202.57 (8/5/73)	64.39 (2/1/75)
6	Engineering (General) (63)	128.55	+0.8	17.10	6.57	8.77	8.76	127.53	125.93	125.88	125.48	46.64	128.55 (8/1/76)	45.43 (6/1/75)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (9)	51.82	−0.2	16.29	8.15	11.06	11.06	51.94	51.41	51.19	51.29	20.60	51.94 (7/1/76)	20.11 (2/1/75)	136.70 (4/7/65)	19.96 (13/12/74)
8	Miscellaneous (25)	125.59	+0.8	16.56	6.58	9.15	9.16	124.58	122.92	122.52	121.53	51.99	125.59 (8/1/76)	49.65 (6/1/75)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (56)	125.15	+0.7	14.72	6.01	10.24	10.22	124.27	122.81	122.68	121.87	39.69	125.15 (8/1/76)	38.39 (6/1/75)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	143.12	+0.5	12.99	3.74	11.51	11.49	142.36	140.64	140.17	139.18	45.93	143.12 (8/1/76)	44.28 (6/1/75)	257.41 (19/5/72)	42.85 (12/12/74)
11	Household Goods (14)	173.98	+0.7	13.97	6.13	10.51	10.48	172.83	172.04	169.44	168.58	64.89	173.98 (6/1/76)	64.53 (6/1/75)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (27)	71.74	+1.0	17.94	6.64	8.56	8.56	71.06	70.05	70.65	70.24	20.77	71.74 (8/1/76)	19.91 (6/1/75)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	156.51	+0.2	12.73	5.56	11.60	11.48	156.21	152.90	152.39	152.09	64.51	156.51 (8/1/76)	61.98 (6/1/75)	226.08 (16/8/72)	61.41 (13/12/74)
14	Breweries (15)	168.34	+1.4	12.64	6.23	11.99	11.99	165.99	162.38	162.22	161.14	79.63	172.55 (12/11)	76.58 (6/1/75)	261.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	182.08	+0.7	10.17	5.54	14.93	14.93	180.85	178.41	177.86	177.24	84.12	182.08 (8/1/76)	80.42 (6/1/75)	257.40 (13/7/72)	78.81 (13/12/74)
16	Entertainment, Catering (16)	193.51	+0.7	11.21	6.28	14.29	13.61	192.25	188.48	188.54	189.84	54.85	193.51 (8/1/76)	55.28 (6/1/75)	329.99 (12/12/72)	54.87 (19/7/74)
17	Food Manufacturing (22)	168.63	+0.3	12.55	4.90	11.15	11.07	168.19	165.21	166.05	164.29	65.41	168.63 (8/1/76)	62.03 (2/1/75)	211.65 (1/5/72)	59.78 (11/12/74)
18	Food Retailing (16)	147.82	−0.2	10.74	4.68	13.55	13.55	148.13	144.24	145.24	145.23	59.06	155.88 (10/11)	57.15 (2/1/75)	235.08 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	167.34	+0.1	13.65	6.04	10.97	10.97	167.24	164.81	164.07	163.47	57.32	167.34 (8/1/76)	55.08 (6/1/75)	250.29 (18/1/72)	55.08 (6/1/75)
20	Packaging and Paper (13)	108.13	+0.5	20.40	7.06	7.29	7.30	107.59	106.51	106.21	105.90	44.63	108.13 (8/1/76)	43.46 (6/1/75)	135.69 (26/4/72)	43.46 (6/1/75)
21	Stores (33)	132.78	−0.2	11.37	5.09	13.45	13.45	133.10	129.10	126.90	126.69	56.00	133.10 (7/1/76)	52.63 (6/1/75)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (22)	170.91	−0.4	13.95	6.32	9.24	8.67	171.65	166.96	166.22	165.60	63.22	171.65 (7/1/76)	62.91 (6/1/75)	253.72 (17/8/69)	62.66 (11/12/74)
23	Tobaccos (3)	223.83	—	15.50	6.03	9.82	9.82	223.88	221.34	222.05	223.99	110.89	223.99 (2/1/76)	109.92 (6/1/75)	339.16 (2/8/73)	94.34 (13/6/62)
24	Toys and Games (6)	62.89	+1.4	22.74	6.32	6.15	6.15	62.02	62.22	62.35	62.21	21.93	63.76 (20/11)	20.92 (6/1/75)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (94)															
25	Chemicals (24)	202.82	−0.1	13.81	4.75	10.16	10.15	203.01	199.45	199.82	199.46	77.30	203.01 (7/1/76)	73.14 (6/1/75)	203.01 (7/1/76)	71.20 (1/12/74)
26	Office Equipment (10)	89.62	+0.2	14.88	5.81	9.43	9.45	89.40	85.89	85.43	85.09	48.81	104.78 (17/4)	45.34 (2/1/75)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	371.97	+0.2	20.36	6.55	6.31	6.06	371.39	370.10	369.59	372.65	199.19	404.18 (18/11)	194.38 (6/1/75)	517.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (48)	160.77	+0.4	14.83	6.57	9.93	9.92	160.14	157.98	157.46	156.79	63.45	160.77 (8/1/76)	60.39 (6/1/75)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	156.09	+0.3	14.01	5.55	10.46	10.40	155.57	152.65	152.51	152.00	61.70	156.09 (8/1/76)	59.19 (6/1/75)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	340.00	−0.2	14.80	4.74	7.55	6.76	340.84	340.81	338.52	338.25	111.01	340.84 (7/1/76)	105.83 (2/1/75)	431.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	171.45	+0.2	14.15	5.43	9.88	9.62	171.05	168.31	168.00	167.51	65.92	171.45 (8/1/76)	63.49 (6/1/75)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	142.18	+0.5	—	4.97	—	—	141.47	138.69	137.97	139.13	58.97	148.45 (20/5)	56.50 (6/1/75)	241.41 (11/4/72)	56.88 (13/12/74)
33	Banks (6)	172.71	+1.4	16.87	4.66	9.06	9.06	170.27	168.44	167.87	168.63	66.47	177.11 (5/6)	62.56 (2/1/75)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	181.19	+0.4	—	6.80	—	—	180.42	177.15	178.36	180.24	93.99	181.19 (8/1/76)	84.13 (6/1/75)	293.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	117.08	+3.5	—	5.64	—	—	113.10	109.94	105.72	104.50	48.82	134.39 (10/6)	42.81 (6/1/75)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	122.49	−0.2	—	5.58	—	—	122.73	120.74	119.70	121.81	48.93	129.51 (15/11)	44.88 (2/1/75)	194.46 (15/5/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	108.84	−0.1	—	6.30	—	—	108.91	106.09	105.32	107.66	47.71	123.90 (30/5)	44.47 (2/1/75)	156.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (10)	220.51	−0.2	9.59	4.11	15.73	15.73	220.86	219.16	218.26	221.93	70.64	232.39 (18/11)	68.96 (7/1/75)	262.37 (12/12/72)	65.86 (16/12/74)
39	Merchant Banks (17)	88.49	−0.1	—	6.12	—	—	88.56	87.16	87.87	86.09	33.83	94.97 (7/5)	31.21 (7/1/75)	278.57 (1/6/72)	31.21 (7/1/75)
40	Property (32)	168.23	+0.1	2.58	2.58	71.15	66.49	167.95	161.88	161.03	160.79	89.02	241.22 (22/4)	88.19 (7/1/75)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (5)	85.74	+2.7	15.23	6.34	10.36	10.27	83.47	82.72	81.99	80.87	35.08	85.74 (8/1/76)	34.78 (10/1)	303.13 (13/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	178.42	+1.3	2.82	4.00	38.48	35.46	176.14	171.70	170.32	168.87	76.55	178.53 (6/6)	73.43 (6/1/75)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	164.54	+0.4	—	5.26	—	—	163.96	161.15	160.70	160.52	64.62	164.54 (8/1/76)	62.16 (6/1/75)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	428.76	−0.1	14.95	7.84	10.27	10.24	429.36	419.52	416.64	411.56	281.25	525.43 (23/6)	281.66 (8/1/76)	665.37 (25/7/73)	84.68 (25/6/65)
45	Teas (9)	117.89	—	40.10	8.79	3.66	3.50	117.89	119.00	119.00	118.41	77.13	124.57 (11/11)	76.76 (10/1)	124.57 (11/11/75)	59.72 (17/10/74)
46	Coppers (3)	300.05	−0.5	32.94	5.73	3.04	3.04	301.47	298.97	273.74	269.17	377.55	467.74 (27/6)	251.97 (18/12/75)	567.78 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	118.01	−1.5	10.01	4.26	11.38	11.28	119.77	116.99	114.99	114.19	83.95	141.54 (30/5)	80.58 (22/1)	175.90 (28/4/69)	66.31 (30/9/74)
48	Tins (8)	93.36	−0.9	13.40	9.67	10.65	9.99	94.25	94.13	94.85	94.75	61.65	114.49 (3/6)	58.81 (8/1/75)	126.43 (12/1/73)	54.83 (27/6/71)
49	Overseas Traders (13)	232.94	+0.5	14.39	4.46	8.89	8.89	231.75	229.56	229.82	229.55	99.00	252.23 (20/5)	97.57 (6/1/75)	252.23 (20/5/75)	97.57 (6/1/75)

	FIXED INTEREST	Thurs., Jan. 8 Index No.	Yield %	Wed. Jan. 7	Tuesday Jan. 6	Monday Jan. 5	Friday Jan. 2	Wed. Dec. 31	Tues. Dec. 30	Monday Dec. 29	Year ago (approx.)	1975/76 High	1975/76 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	13.91	14.00	14.30	14.49	14.58	14.67	14.67	14.66	16.71	—	—	—	—
2	20-yr. Govt. Stocks (6)	49.85	13.06	49.62	48.65	47.85	47.56	47.30	47.34	47.20	40.57	53.09	38.27	115.42	38.27
3	20-yr. Red. Deb. & Loans (15)	48.14	16.32	47.41	47.03	47.00	46.68	46.87	46.75	46.62	37.52	50.83	37.01	113.45	33.77
4	Investment Trust Prefs. (15)	46.99	14.66	46.55	46.55	46.55	46.50	46.55	46.79	[illegible]	[illegible]	47.30	36.62	114.41	[illegible]
5	Coml. and Indl. Prefs. (20)	65.20	14.58	64.79	63.63	63.24	62.76	63.01	62.80	62.61	48.51	66.02	47.67	114.83	[illegible]

Section or Group / Base Date / Base Value: Overseas Traders 31/12/74 100.00; Engineering (Heavy) 31/12/71 153.84; Engineering (General) 31/12/71 153.84; Wines and Spirits [illegible]; Toys and Games [illegible]; Office Equipment [illegible]; Industrial Group 31/12/70 128.20; Miscellaneous Financial 31/12/70 128.06; Food Manufacturing 29/12/67 114.13; Food Retailing 29/12/67 114.13; Insurance Brokers 29/12/67 96.67; Mining Finance 29/12/67 100.00; All Other 10/4/62 100.00. † Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer. A new list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 18p. Commonwealth 19p. Foreign 22p. † Corrected.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975/6 high	1975/6 low
ICI	£1	14	347	+3	347	118
Lampa Secs.	50p	14	118	+6	122	46
Burmah Oil	£1	12	31	−1	100	27
De Beers Defd.	R0.05	12	313	−6	333	161
Eng. China Clays	25p	12	72½	+1½	82	35
Ladbroke	10p	12	103	+1	103	33
Int. Computers	£1	11	133	+4	133	29
Samuel Props.	25p	11	42	+4½	45½	14½
Trafalgar H. 'New'	Nil/pd.	11	28*	+1	28*	23*
Barclays Bank	£1	10	310	+5	325	112
BP	£1	10	595	—	598	190
Courtaulds	25p	10	158	+2	158	53
Lloyds Bank	£1	10	250	+7	265	94
Plessey 'New'	Fly./pd.	10	75	+2	76	64½
Rank Org. 'A'	25p	10	165	+2	205	78

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

* Premium.

FEATURES ON OTHER PAGES

For latest Share Index 'phone 01-246 8026

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 7	Jan. 19	Apr. 1	Apr. 13
Jan. 20	Feb. 2	Apr. 14	Apr. 28
Feb. 3	Feb. 16	Apr. 29	May 11

"Calls" were dealt in British Land, Sabah Timber, Ladbroke Warrants, English Property, MEPC, Town and City, Manbre and Garton, Aaronson Bros., English China Clays, ICI, Tricentrol, UDT, Reyrolle Parsons, AVP, Peachey Property, London City and Westcliff, Bryant, Cadbury Schweppes, House of Fraser, National Westminster Bank Warrants, J. B. Eastwood, Development Securities, Rio Tinto-Zinc, Pontin's, Debenhams, Amalgamated Investment, and Samuel Properties. A "put" was done in Ladbroke Warrants, while "doubles" were arranged in Ultra Electronic, British Land, English Property, Hampton Areas, Lonrho, Hawthorn Leslie, MEPC, Town and City, Bryant, Shell Transport, ICI and Charterhall Finance.

Industrials							
A. P. Cement	15	Guardian	20	Spillers	5	Shell	28
Assoc. Leisure	3	G.K.N.	23	Tesco	6	Ultramar	20
Barclays Bank	25	Hawker Sidd.	27	Thorn "A"	20		
Beecham	28	House of Fraser	8	Tube Invest.	27	Mines	
Boots Drug	12	I.C.I.	21	Unilever	40	Anglo Amer.	50
Bowater	16	"Imps"	7	Utd. Drapery	10	Charter Cons.	19
B.A.T.	30	I.C.L.	7	Vickers	13	Chart'rh'll Fin.	6
British Leyland	7	Inveresk	7	Williams Hud'n	4	Cons Gold	18
BOC Int.	5½	Legal & General	13	Woolworths	6	De Beers Def.	35
Burton 'A'	7	Ladbroke	11			F. S. Geduld	350
Cadburys	6	Lloyds Bank	22	Property		Great Boulder	12
Courtaulds	11	"Lots"	5½	Amal. Inv.	4	Hampton Areas	14
Debenhams	8	"Mams"	6	Brit. Land	4	Hampton Prop.	4
Distillers	13	Marks & Spncer	11	Cap. Counties	4½	Kloof	140
Dunlop	6½	Midland Bank	25	E.P.	8	Lonrho	13
Eagle Star	13	Nat'l West Bank	22	Land Securities	18	Loraine	55
E.M.I.	17	"do" Warrants	10	MEPC	9	Poseidon	56
Gen. Accident	16	P & O Dfd.	11	Peachey	6	Pres. Steyn	275
Gen. Electric	13	Plessey	8	Town & City	4½	Rio T.Zinc	20
Glaxo	35	R.H.M.	6	Town & Comm.	4	Welkom	55
Grand Met.	7	Rank Org. 'A'	18			West Areas	75
G.U.S. 'A'	17	Reed Int'l	23	Oils		Western M'ng	18
		Rothmans	4	Brit. Petroleum	42		
		Slater Walker	5½	Burmah Oil	4		

NEW HIGHS AND LOWS FOR 1975/76

Too numerous to name individually the 213 new 1975-76 highs recorded among securities listed in the Share Information Service yesterday are given below in their sub-section. There were 5 new lows.

NEW HIGHS (213)

BRITISH FUNDS (8)
CORPORATION LOANS (11)
COMMONW'TH & AFRICAN LOANS (2)
AMERICANS (3)
BANKS (5)
BEERS (4)
BUILDINGS (16)
CHEMICALS (3)
CINEMAS (1)
DRAPERY & STORES (6)
ELECTRICALS (8)
ENGINEERING (24)
FOODS (3)
HOTELS (3)
INDUSTRIALS (42)
INSURANCE (3)
MOTORS (4)
NEWSPAPERS (1)
PAPER AND PRINTING (2)
PROPERTY (7)
SHOES (1)
TEXTILES (14)
TRUSTS (37)
OILS (1)
OVERSEAS TRADERS (2)
RUBBERS (1)
MINES (1)

NEW LOWS (5)

INDUSTRIALS (2)
Clough (A.) Cuthbert (R. G.)
TEXTILES (1)
Bonas Webb
MINES (2)
East Rand Prop. Falcon

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	55	—	2
Corpns., Dom. and Foreign Bonds	33	—	31
Industrials	685	226	1,010
Financial and Prop.	264	56	273
Oils	7	7	29
Plantation	6	2	39
Mines	37	69	66
Recent Issues	18	4	19
Totals	877	364	1,469

Cutler attacks GLC policy

LONDON'S population was declining and industry moving out because of the deteriorating quality of life, soaring rates and the refusal by the Government to allow industry to expand, Mr. Horace Cutler, leader of the Tory opposition on the Greater London Council, said yesterday.

BASE LENDING RATES

AFI International ...
Allied Irish Banks Ltd.
Anglo-Portuguese Bank
Henry Ansbacher ...
Banco de Bilbao ...
Banco de Jerez ...
Bank of Cyprus ...
Bank of N.S.W. ...
Banque du Rhone S.A.
Barclays Bank ...
Barnett, Christie Ltd. ...
Bremar Holdings Ltd.
Brit. Bank of Mid. East ...
■ Brown Shipley ...
Cayzer, Bowater Co. Ltd.
Cedar Holdings ...
■ Charterhouse Japhet ...
C. E. Coates ...
Consolidated Credits ...
Co-operative Bank ...*
Corinthian Securities ...
Credit Lyonnais ...
G. R. Dawes ...
Duhoff Brothers ...
Duncan Lawrie ...
English Transcont. ...
First London Secs. ...
■ Antony Gibbs ...
Goode Durrant Trust ...
Greyhound Guaranty ...
Grindlays Bank ...
■ Guinness Mahon ...
■ Hambros Bank ...
Hawtin & Partners ...
■ Hill Samuel ...§
C. Hoare & Co. ...†
Julian S. Hodge ...
Industrial Bank of Scot. ...
Keyser Ullmann ...
Knowsley & Co. Ltd. ...
Lloyds Bank ...
London & European ... 1
London Mercantile ... 1
Midland Bank ... 1
■ Samuel Montagu ... 1
■ Morgan Grenfell ... 1
National Westminster 1
Northern Comm. Trust 1
Norwich General Trust 1
Portman Guaranty ... 1
P. S. Refson & Co. ... 1
Rossminster Accept'cs 1
Schlesinger Limited ... 1
E. S. Schwab ... 1
Security Trust Co. Ltd. 1
Shenley Trust ... 1
Standard Chartered ... 1
Sterling Credit ... 1
Thames Guaranty ... 1
Trade Development Bk. 1
Twentieth Century Bk. 1
United Bank of Kuwait 1
Whiteaway Laidlaw ... 1
Williams & Glyn's ... 1
Yorkshire Bank ... 1

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 7%, up to £25,000 7½%, over £25,000 8½%.
§ Demand deposit 8½%.

MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 11 per cent. (since January 2, 1976)

Day-to-day credit was in adequate supply in the London money market yesterday, though indications were that there would be a general shortage of funds, and the authorities did not intervene. Banks carried forward surplus balances and a fall in the note circulation was also in the market's favour. These were balanced, however, by a net take-up of Treasury bills, an excess of revenue payments to the Exchequer over Government disbursements, official holdings of maturing local authority bills, and settlement of very large sales of gilt-edged stock.

Discount houses paid 10½-10¾ per cent. for secured call loans at the start, and closing balances were taken at around 10-10½ per cent.

In the inter-bank market overnight loans opened at 10¼-10½ per cent., and eased to 10-10¼ per cent., before closing at 10½-11 per cent.

Short-term fixed period interest rates continued to decline, with the three-month sterling certificate yield easing to 10¼-10⅛ per cent. from 10⅜-10¼ per cent. Discount houses buying rate for three-month Treasury bills fell to about 10¼ per cent., from 10⅜-10⅛ per cent.

Rates in the table below are nominal in some cases.

Jan 8 1976	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ◆	Bank bills ◆	Fine trade bills ◆
Overnight	—	10-11	—	—	—	10¼-11¼	10-10⅝	—	—	—
2 days notice	—	—	10-10¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	10¼-10½	10-10¼	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	—	12¼-12¼	—	—	—	—	—	—

† Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 12¼ per cent.; four years 13¼-13½ per cent.; five years 13½-13¾ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent.; four-month trade bills [illegible] per cent. Approximate selling rate for one-month Treasury bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent.; one-month trade bills [illegible] per cent.; two-month [illegible] per cent.; and also three-month [illegible] per cent. Finance House Base Rates (published by the Finance Houses Association) 11½ per cent. from January 1. Clearing Bank Deposit Rate for small sums at seven days' notice 6½-7 per cent. Clearing Bank Rates for lending 10½-11 per cent. Treasury Bills: Average tender rates of discount 10.4923 per cent.

CORAL INDEX

Close 391-396

I.G. INDEX

GOLD 134½-137½

INSURANCE BASE RATES

† Atlantic Assurance ... 11
Cannon Assurance ... 11

† Address shown under Insurance & Property Bond table.

هكذا صدر الأصل

AUTHORISED UNIT TRUSTS

REGIONAL MARKETS

[...]lection of the share prices previously shown under regional headings is [...]d below with quotations on London. Irish issues, most of which are not [...] listed in London, are shown separately and with prices as on the Irish [...]e.

[...]nv. 20p	16	......	Graig Ship. £1	345	+5	Shiloh Spinn	28	......
[...]ning	33	......	Hallam Sleigh 10p	7	......	Sindall (Wm.)	53	......
[...]	24	......	Higsons Brew.	99	......			
[...]Est. 50p	137	+2	I.O.M. Stm. £1	136	......	IRISH		
[...]roft	35	......	Holt (Jos.) 25p	265	......			
[...]one £1	320	......	Kleen-e-Ze	38	......	Alliance Gas (£1)	80	......
[...]A.)	25	......	Lovell's Ship £1	70	......	Carroll (P. D.)	121	+1
[...]icHdy.	60	......	N'thn. Goldsmith	89	......	Clondalkin	46	......
[...]k.10p.	31	......	P.M.A.	44	......	Concrete Prods.	92	......
[...]	38	......	Pearce (C. H.)	88	......	Goodbody (£1)	34	......
[...]e	40	......	Peel Mills	12	......	Helton (Hldgs.)	29	......
[...]g. 5p	16	......	Richards 10p	14	......	Irish Distillers	68	......
[...]d 50p.	130	......	RobbCaledon5p.	46	......	Irish Wire	40xd	......
[...]& Sons	10	......	Sayers 12½p	9	......	Jacob	72	......
[...](L.)	75	......	Sheffield Brick	65	......	Sunbeam	9	+1
			Sheff. Refrshmt.	140	......	Unidare	63	......

[...]OOD PRICE MOVEMENTS

	Jan. 8 £	Week ago £	Month ago £
[...]ON			
Danish A.1 per ton†	1,030	955	955
British A.1 per ton†	1,010	945	945
Irish Special per ton†	1,010	940	940
Polish A.1 per ton†	—	—	—
Ulster A.1 per ton†	1,010	945	945
[...]TER (packet)			
NZ per 20 lbs†	8.05-8.11	7.61-7.67	7.61-7.67
English per cwt†	45.39-47.77	45.39-47.77	45.39-47.77
Danish salted per cwt†	47.63-48.64	46.63-47.49	46.63-47.55
[...]ESE¶			
English cheddar white rindless per tonne	—	—	—
NZ per tonne	824	824	824
[...]S*			
Home-prod. Standard	2.30-2.50	2.90-3.10	2.70-2.85
Large	2.50-2.80	2.95-3.40	2.90-3.10

	Jan. 8 per pound p p	Week ago per pound p p	Month ago per pound p p
[...]F			
Scottish killed sides (ex KKCF)	39.0—41.5	38.0—41.0	37.0—40.0
Eire forequarters	28.0—30.0	25.0—27.0	25.0—27.0
Argentine chilled rumps	—	—	—
[...]B			
English	34.0—38.0	32.0—36.0	32.0—35.0
NZ 2s-Ds	30.0—32.0	32.0—34.0	31.2—34.0
[...]K (all weights)	28.0—38.5	29.0—39.0	29.0—39.0
[...]TON			
English ewes	17.0—24.0	16.0—20.0	16.0—20.0
[...]LTRY			
Broiler chickens	21.0—26.0	21.5—25.5	19.0—36.0

* London Egg Exchange price per 120 eggs. † Delivered. [...]r delivery January 10-17.

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975/6 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99 7/16	94 3/16	Exch. 6½pc 1976‡‡	99 7/16	+1/16	6.54	10.36
97¾	92 7/16	Treasury 6½pc 1976‡‡	97⅝	+1/32	6.65	10.59
99	97	Victory 4pc 1976‡‡	98⅝	...	4.04	—
102	96⅞	Treasury 10½pc 1976‡‡	99 13/16	+1/16	10.52	10.62
95 11/32	88⅞	Treasury 6¼pc 1977‡‡	95 13/32	+1/32	6.55	10.44
95⅛	86¼	Electric 3pc 74-77	95⅜		3.14	7.14
103 5/16	96⅞	Treasury 11½pc '77‡‡	100 9/16		11.49	10.84
93¼	84	Treasury 3pc '77‡‡	92⅝	.....	3.24	7.31
92⅞	84⅜	Transport 4pc '72-77	92⅞	.....	4.31	8.01
96 13/16	90½	Treasury 9pc 1978‡‡	95 13/16	+1/16	9.41	11.28
100 1/16	96	Treasury 10¼pc '78‡‡	98 13/16xd	+⅛	10.63	11.10
91⅞	79	Exchequer 5pc '76-78‡‡	91⅞	.....	5.46	8.57
103	94 7/16	Treasury 11¼pc '79‡‡	100 5/16	+1/16	11.24	11.27
84⅞	71⅜	Treasury 3pc '79‡‡	84⅞	.....	3.55	7.78
85⅞	73⅞	Electric 4¼pc 74-79	85⅞	.....	4.95	6.77
100 1/16	94½	Treasury 10½pc '79‡‡	97 1/32	+1/32	10.82	11.46
97 1/32	95 1/16	Do. 10½ 1979 'A'	97 1/32	+1/32	10.82	11.45
85¼	71	Electric 3½pc '76-79	85¼	+¼	4.11	8.02
95	84	Treasury 9pc 1980‡‡	91⅝	+⅜	9.82	11.59
95 1/16	89¼	Treasury 9½pc '80‡‡	93	+⅜	10.21	11.66
84¼	68¼	Treasury 3½pc '77-80	84¼	.....	4.13	7.61
86¼	71	Funding 5¼pc '78-80‡‡	86¼	.....	6.05	8.93
		Five to Fifteen Years				
99½	94 13/16	Treasury 11½pc 1981	99½xd	+½	11.53	11.55
83½	66⅛	Do 3½pc '79-81	83½	+¼	4.26	7.82
91⅛	72⅞	Do 8½pc '80-82‡‡	87⅞xd	+¼	9.69	11.33
104⅞	86⅝	Treasury 12pc 1983‡‡	104	+¼	11.97	11.93
78	58	Funding 5½pc '82-84‡‡	76xd	+¼	7.23	9.89
85¼	61⅞	Treasury 8½pc '84-86‡‡	82xd	+¼	10.36	11.49
73¾	51⅞	Funding 6½pc '85-87‡‡	72xd	+¼	9.18	11.09
76¼	53	Treasury 7¾pc '85-88‡‡	73⅝xd	+¼	10.47	11.55
48⅛	32⅞	Transport 3pc '78-88	48⅛xd	+¼	6.24	10.50
56⅞	39¾	Treasury 5pc '86-89	55⅞	+¼	9.14	11.69
75½	53¼	Treasury 8¼ 87-90‡‡	71⅝	+⅜	11.61	12.65
		Over Fifteen Years				
57⅛	41⅜	Funding 5¾pc '87-91‡‡	56⅛	+¼	10.27	12.46
94⅝	85½	Treasury 12¾pc '92‡‡	91⅛xd	+1½	13.93	14.06
97½	83⅝	Treasury 12½pc '93‡‡	89¼xd	+1⅛	13.93	14.13
55⅛	40½	Funding 6pc 1993‡‡	53¾	+⅜	11.57	13.01
73¼	54⅛	Treasury 9pc '94‡‡	69½	+⅝	13.27	13.83
34⅞	24¾	Gas 3pc '90-95	33⅞	+⅛	8.86	11.87
102	75	Treasury 13¼pc '93‡‡	92⅛	+1⅛	14.13	14.22
71½	54¾	Treasury 9pc '92-96‡‡	69¾	+½	13.45	13.93
33½	26½	Redp. 3pc 1986-96	33½	+¼	9.18	11.69
97½	86¼	Treasury 13¼pc '97‡‡	92⅝xd	+1¼	14.23	14.29
93⅞	88⅛	Do. 13¼% '97 'A'	93⅞	+1¼	14.31	14.35
69⅛	53¼	Treasury 8¾pc 1997‡‡	67⅞	+½	13.51	13.93
59⅞	40¾	Treasury 6¾pc '95-98‡‡	53⅛	+⅜	13.02	13.70
75⅛	54¼	Treasury 9½pc 1999‡‡	68⅞xd	+½	13.76	14.05
30½	22	Funding 3½pc '99-04	29xd	+⅛	12.05	12.96
62	47	Treasury 8pc '02-06‡‡	59⅞	+½	13.65	13.99
43¼	33	Treasury 5½pc '08-12‡‡	42½	+⅜	13.56	13.79
59⅝	43¼	Treasury 7¾pc '12-15‡‡	55⅜xd	+½	13.90	13.95
		Undated				
29¾	22⅛	Consols 4pc	27⅞xd	+¼	14.22	—
27¼	20¼	War Loan 3½pc‡‡	25⅞	+¼	13.72	—
27½	22⅜	Conv. 3½pc '61 Aft.	26⅞	+¼	13.58	—
22⅜	17½	Treasury 3pc '66 Aft.	21⅝	+⅛	13.40	—
18⅜	14¼	Consols 2½pc	18xd	+¼	13.91	—
18⅝	14¼	Treasury 2½pc	18⅛	+⅛	14.34	—

**INTERNATIONAL BANK

1975/6 High	Low	Stock	£	+ or −	Yield Int.	Red.
70½	58	5pc Stock '77-82	70½	....	7.30	12.15
98½	91½	8pc Stock 1976	98½	......	8.12	11.21

**CORPORATION LOANS

1975/6 High	Low	Stock	£	+ or −	Yield Int.	Red.
88	80¼	Birm'ham 9¼pc '79-81	87xd	+¾	10.65	13.49
95	87	Bristol 6½pc '75-77	95	.....	6.34	11.94
92	82¾	Essex 5½pc '75-77	92xd	+⅛	5.98	11.93
97⅝	90	G.L.C. 6¾pc 1976	97⅝	+⅛	6.92	11.21
93	85	Do 7¼pc 1977	93	+¼	7.80	12.43
100¼	92½	Do 12½pc '82	100¼	+¾	12.64	13.41
75¾	63	Herts. 5½pc '78-80	75¾	+½	6.93	13.41
92½	83½	Liverpool 7pc '75-77	92½	.....	7.57	12.44
89½	71	Do. 9¾pc '80-84	85½	+¼	11.59	13.19
24½	17¼	Do. 3½pc Irred.	24½xd	+¼	14.56	—
87	77¼	Lon. Corp. 6½pc '75-78	87	+¼	7.47	12.75
81	66½	Do. 9½pc '84-85	81	+½	11.76	13.72
89	78¾	L.C.C. 6pc '75-78	89xd	+½	6.82	12.78
74	59½	Do 5½pc '77-81	74	+1	7.60	13.41
63½	48	Do 5½pc '82-84	63½xd	+1	8.61	13.23
58½	40¼	Do 5½pc '85-87	55	+½	9.68	13.55
60½	42	Do 6¾pc '88-90	56xd	+¾	12.02	14.43
21¾	15¾	Do. 3pc '20 Aft.	21¼	+1¼	14.55	—
90¼	82¼	Middx. 6¼pc '75-77	90¾	+½	6.28	12.41
77	64¾	Do 5¼pc 1980	75¾	+¼	6.93	13.43
89½	76	Newcastle 9¾pc '78-80	86¼	+¼	10.72	13.46
101⅛	94½	Warwick 12½% 1980	99½	+½	12.57	13.41

COMMONWEALTH & AFRICAN LOANS

1975/6 High	Low	Stock	£	+ or −	Yield Int.	Red.
97¾	89¼	**Aust. 6pc '74-76	97¾	+⅛	6.22	11.58
86¼	80¼	**Do. 5½pc '75-78	86½	......	6.45	12.26
79	66½	**Do. 5½pc '77-80	79xd	......	6.96	12.67
72	58⅞	**Do. 5½pc '81-82	72	+¼	7.78	12.94
82	71¼	**N.Z. 4pc 1976-78	82	......	4.89	12.15
81½	68¾	**Do. 6pc '76-80	81½	......	7.56	12.34
69¾	54¼	**Do. 7½pc '83-86	68¾	+¼	10.98	13.43
49	30	Sth. Rhod. 2½pc '65-70	42	+1	—	—
61	40	Do. 6pc '78-81	59	+1	—	—

LOANS (Miscel.)

1975/6 High	Low	Stock	£	+ or −	Yield Int.	Red.
47	36	Agric. Mt. 5pc '59-89	43½xd	......	11.32	15.04
73½	55½	Alcan 10½pc '89-94	68½xd	+2	15.91	16.30
100¼	90¼	**FFI 13pc '81	95xd	+1	13.56	14.63
107	90¼	Do. 14pc 1979	103	......	14.05	14.00
65½	50	ICFC 6¾% Ln. 82-87	64	+½	14.72	15.20
95½	85	Do. 9pc 1977	90	......	10.02	15.00
99½	92	Do. 10pc 'C' 1976	97½	......	10.67	17.06
24½	18¾	**Met. Water 3pc 'B'	23	+½	13.64	15.25
78	54	U.S.M.C. 9pc 1982	76xd	+1	11.87	14.90
78	53	Do. without Wrnts.	71½xd	......	12.62	16.30
86	76	Ultramar 7pc '75-78	84	......	8.41	14.08

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 66¾% (based on $2.0350 per £)

CANADIANS

[illegible]

S.E. List Premium 66¾% (based on $2.0610 per £)

Conversion factor 0.6014 (0.6038)

††BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS & CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIAL (Misc.)

[illegible]

مكتبة الأصل

هكذا صدر الأصل

INDUSTRIALS—Continued

††INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Trusts, Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£14¾	250	Durban Deep R1	350	−10	Q20c	ϕ	3.2
£14	475	E. Rand Prp. R1	475	−20	Q35c	ϕ	4.1
105	21	Rand Leases 2½c	21	......	—	—	—
£34½	£15¾	Randf'tn Est. R2	£16¾	−1	—	—	—
500	130	West Rand R1	130	−2	Q10c	ϕ	4.2

EASTERN RAND

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
370	165	Bracken R1	186	−14	Q52c	1.0	15.4
23	5	Daggafontein 50c	9	......	—	—	—
105	33	East Dag. R1	34	......	—	—	—
140	£	Grnt. Areas 5c	140ϕ	......	—	—	—
390	110	Grootvlei 30c	110xd	−6	Q20c	ϕ	10.0
820	385	Kinross R1	485	−40	Q54c	1.4	6.2
90	53	Leslie 70c	64	−3	Q18c	1.4	15.5
550	165	Marievale 70c	205xd	−10	Q42c	ϕ	11.3
725	175	S. African Ld. 35c	190xd	−15	Q30c	ϕ	8.7
265	82	Vlakfontein R1	94xd	−6	Q20c	ϕ	11.8
£13¾	660	Winkelhaak R1	840	−45	Q108	1.1	7.1
120	33	Wit. Nigel 25c	38	−1	—	—	1.4

FAR WEST RAND

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£11	615	Blyvoor 25	670	−30	†Q100c	1.3	‡
£21½	£12¼	Buffels R1	£12¼	−¼	Q190c	1.4	8.1
430	185	Deelkraal R0.20	196	−2	—	—	—
£14¼	590	Doornfontein R1	700xd	−50	†Q110c	1.4	‡
£12¾	725	East Drie R1	925xd	−40	Q75c	ϕ	4.5
450	172	Elsburg R1	174	−14	Q33.8c	ϕ	10.7
£31	£15	Hartebeest R1	£17	−1	Q215c	1.4	7.0
£13¾	620	Kloof Gold R1	650xd	−45	Q55c	1.4	4.7
£17¼	525	Libanon R1	705xd	−35	†Q110c	1.9	‡
£13¾	600	Southvaal 50c	705xd	−25	Q8c	ϕ	0.6
480	200	Stilfontein 50c	210	−5	Q36c	ϕ	9.5
£33¾	£17	Vaal Reefs 50c	£19½xd	−¼	Q175c	ϕ	4.9
£11½	290	Venterspost R1	350xd	−50	†Q70c	1.9	‡
£55	£33	W. Drie R1	£33¾xd	−1¼	†Q485c	1.2	†
745	275	W'st'rn Areas R1	295	−15	Q52c	ϕ	9.7
£23	£13	Western Deep R2	£14¼xd	−½	Q147½c	ϕ	5.7
536	275	Zandpan R1	275	−15	Q35¼c	1.0	7.2

O.F.S.

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
400	160	Fr. State Dev. 50c	160	......	Q14c	1.6	4.8
£32¾	£19	F.S.Geduld 50c	£20¾	−1	330c	1.3	8.7
265	105	F.S. Saaiplaas R1	103	−12	26c	2.6	3.1
960	395	Harmony 50c	439	−30	Q77c	1.8	9.9
575	140	Loraine R1	170	−12	Q6c	0.5	2.0
£28¾	£15¼	Pres. Brand 50c	£17	−¼	Q250c	1.3	8.1
£25¾	975	Pres. Steyn 50c	£12⅛	−¼	Q125c	2.2	5.7
£39¾	19¾	St. Helena R1	£22	−1	Q250c	1.2	6.3
340	160	Unisel	166	−8	—	—	—
525	245	Welkom 50c	265	−10	Q55c	1.7	11.5
£40	£21½	W. Holdings 50c	£23½	−1	Q475c	1.2	11.6

FINANCE

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
520	313	Ang. Amer. 10c	350	−25	Q29c	2.0	4.6
£45½	£26¾	Ang. Am. Gold R1	£27¾	−1	†Q250c	1.4	5.0
£16¼	850	Ang-Vaal 50c	£12½	−¼	†Q95c	3.7	4.2
205	87	Charter Cons.	188	−5	6.21	2.2	5.1
290	188	Cons. Gold Field	215	−5	6.7	4.3	4.8
32	17	E. Rand Con. 10p	19	......	0.92	1.4	7.5
435	230	Geduld Inv. R1	330	......	†Q34c	0.4	5.7
£38¼	£17	Gen. Mining R2	£24½	−½	†Q210c	2.1	4.7
£39	£20½	G. Fields S.A. 25c	£22	−½	Q225c	1.3	5.6
£27¾	£12	Jo'burg Cons. R2	£23¾	+¼	Q165c	2.5	3.8
530	60	Middle Wit 25c	345	......	†Q28c	2.0	4.5
315	182	Minorco SBD1.40	233	−7	Q14c	—	3.3
305	140	New Wit 50c	155	−5	Q20c	1.6	7.1
£11	710	Patino NV Fls 5	760	−60	QC40c	10.5	2.5
£11	660	Rand Selection 50c	800	−10	Q75c	1.5	5.2
695	320	Selection Trust	505	−15	14.0	2.0	4.3
450	215	Sentrust 10c	225	−5	Q30c	1.2	7.4
81	27	Silvermines 2½p	47	......	‡a4.0	1.6	‡
170	120	SW Africa 20p	125	......	17.87	2.0	22.0
£14	560	T'vaal Cons. Ld. R1	£12½	+1	Q65c	2.0	2.9
475	250	U.C. Invest R1	305	−5	Q36c	1.2	6.5
580	355	Union Crp. 6.25c	450	−15	Q42c	1.6	5.2
		For Ver'n'ng see Ang. Am. Coal under Recents					
105	30	Vogels 2½c	82	+2	Q6c	1.0	4.0

DIAMOND AND PLATINUM

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£35	£15¾	Anglo-Am. Inv. 50c	£31½	−¼	Q290c	1.0	5.1
146	48	Bishopsgate Plt. 10c	100	−5	Q3.1	ϕ	1.7
333	161	De Beers Df. 5c	313	−6	Q25c	2.2	4.4
£17	£11½	Do. 40pc Pf. R5	£14	......	1.10	125.5	7.7
152	80	Lydenburg 12½c	110	−5	Q2.9c	ϕ	1.5
248	100	Pot. Plat. 2½c	165	−11	Q5c	1.0	1.7
212	94	Union Plat. 10c	138	−6	Q4.96c	1.0	2.0
212	95	Waterval 5c	138	−6	Q5.2c	1.0	2.1

CENTRAL AFRICAN

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
345	150	Coronation 25c	165	......	Q34c	2.1	11.4
250	125	Falcon Rh. 50c	125	−2	†Q35c	1.3	—
52	32	Globe Phnx 12½p	42	......	1.25	ϕ	4.6
24	14	Rho.-Corp. 16½p	16	......	Q5	8.0	5.2
440	150	Roan Cons. K4	170	......	‡Q16.0	4.7	‡
230	92	Tanganyika 50p	174	−1	‡Q26	1.2	‡
75	60	Do. Pref. 80p	68	......	Q9	38.0	11.1
43	26½	Wankie Col. Rh.1	43	+3	Q6½c	1.3	10.0
70	31	Zam. Cpr. SBD0.24	45	......	Q1.90	3.2	4.2

AUSTRALIAN

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
28	10	Acmex 25c	20	+2	—	—	—
142	95	A. M. and S. 50c	142	+4	‡Q14c	1.5	‡
122	74	Bougainville 50c	105	......	Q7½c	1.4	‡
242	145	BH South 50c	190	......	—	—	—
215	55	Gold M. Kalg. $1	75	......	—	—	—
85	36	Gt. Boulder 10c	72	−1	‡Q2c	2.8	1.5
137	60	Hamptn Areas 5p	70	+5	1.18	4.2	2.6
115	30	Metals Ex. 50c	40	......	—	—	—
43	14	Metramar 20c	20	......	—	—	—
246	117	M.I.M. Hldgs. 50c	227	+1	Q10c	1.8	2.5
135	80	M. Lyell 25c	95	......	Q5c	ϕ	3.0
3	1½	Newmetal 10c	2½	......	—	—	—
155	102	North B. Hill $1	154	+3	Q9c	1.4	3.3
16½	7	North Kalg. 30c	9	......	—	—	—
88	47	Oakbridge SA0	73	......	Q8c	0.9	6.3
21	8	Pacific Cppr. 25c	17	......	—	—	—
950	220	Pancont'l 25c	920	+10	—	—	—
25	9	Paringa M&Ex. 5p	9	......	—	—	—
495	235	Peko-Walls'd 50c	445	+5	Q15c	ϕ	1.9
345	144	Poseidon 20c	190	......	—	—	—
26	8	Vultan Min. 50c	12	......	—	—	—
7½	4	Westmex 10c	7	......	—	—	—
214	137	W. Mining 50c	151	+1	‡Q8c	0.8	3.9
50	24	Whim Creek 20c	50	+6	—	—	—

TINS

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
56	32	Amal. Nigeria	41	......	5.62	1.6	21.1
162	77	Ayer Hitam	162	......	13.0	1.8	12.3
36	10	Beralt Tin	18	−½	Z1.75	—	15.0
424	268	Berjuntai SM25	335	......	‡QSM2	ϕ	‡
18	13	Ex Lands 10p	16	......	15	3.8	14.4
246	153	Geevor	155	......	12	2.3	11.9
18	8	Gold & Base 12½p	10	......	—	—	—
288	157	Gopeng Cons.	175	......	‡14.25	ϕ	‡
73	55	Hongkong	64	......	—	—	—
58	40	Idris 10p	56	......	6.7	2.2	18.4
11	7	Jantar 12½p	7	......	—	—	—
68	34	Kamunting 15p	35	......	7.0	1.2	30.7
175	135	Killinghall	135	......	Q50.0	ϕ	37.0
192	106	Londin Tin 20p	158	−4	7.0	1.3	6.8
220	93	Malay Dredging	177	......	10.7	2.0	9.3
41	22½	♦Pahang	30	......	Qh2.6	ϕ	13.3
65	41	Pengkalen 10p	45	......	7.0	1.0	23.9
112	75	Petaling SM1	112	......	—	—	—
23	8	Saint Piran	21	......	0.63	3.5	4.6
135	68	South Kinta (10p)	97	......	9.5	1.5	15.0
180	73	Sthn. Malayan	127	......	10.7	0.9	13.0
83	35	Sungei Besi 20p	35	......	‡6.0	3.0	‡
43	29	Sungei Wey SM1	29	......	ZQ10	—	6.0
84	48	Tanjong 15p	48	......	4.35	2.3	13.9
75	50	Tongkah Hb SM1	52	......	Q23%	0.6	8.4
93	42	Tronoh	71	......	†4.02	3.5	8.7

COPPER

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
112	42	Botswana RST P.C.	65	−3	—	—	—
390	196	Messina R0.50	330	−5	Q35c	1.9	5.9

MISCELLANEOUS

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
8½	3	Burma Mine 17½p	8	......	m0.5	—	1.7
65	17	Charterhall 5p	31½	+1	—	—	—
115	40	Colby Mines $1	59	+1	—	—	—
830	360	Cons. Murch. 10c	800	−20	Q80c	ϕ	5.5
53½	29½	Lanrasia	35½	−1	—	—	—
375	200	Northgate C$1	270	+5	†Q25c	1.0	5.1
211	80	R.T.Z.	198	−2	g5.51	4.4	4.3
135	47½	Sabina Inds. C$1	100	......	—	—	—
81	45	Stanford Mines$1	45	......	—	—	—
£12½	874	Tara Exptn. $1	£11	......	—	—	—
92	38	Yukon Cons. C$1	90	+2	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ● Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 19

FINANCIAL TIMES
Friday January 9 1976

Retailers want more flexible price limits

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

CONSUMER AFFAIRS Corres. – RETAILERS are believed to have told Mrs. Shirley Williams, Secretary for Prices, yesterday, that they could not co-operate with the plan to limit price rises to 5 per cent. in the six months from February 1 unless the scheme is made more flexible.

At a meeting between the Retail Consortium, the Confederation of British Industry and Mrs. Williams, the consortium is understood to have emphasised that two of the preconditions to voluntary agreement—a recovery in margins and a slow-down in the rate of cost increases—had not been met.

This situation, coupled with the expected fall in volume in the spring, meant they could not make the kind of sacrifices being asked under the present scheme unless some special provision was made for the particular problems of the retail trade.

The consortium has agreed to try and produce some kind of formula which would enable the Government to keep its part of the bargain with the unions to restrain basic price rises, while not eroding retail margins further. Amendment will be discussed with the CBI next week before they are submitted to Mrs. Williams.

Given the Government's public commitment to the package, it is likely that some compromise will be negotiated.

Mrs. Williams has produced a list of over 40 product categories in which it is hoped manufacturers will limit price rises to 5 per cent. for the six months of the scheme. These include six food products—milk, bread, some biscuits, frozen peas, sweets and confectionery and packet tea—as well as a wide range of non-food items such as stationery (which itself includes items like ink and pencils), toothpaste, beer, cigarettes and tobacco, beds and some clothes.

No mention is made of any nationalised industry charges, but Mrs. Williams indicated at the meeting with retailers that she was still talking to the public sector.

The original idea was that manufacturers should keep price rises on products in the scheme to 5 per cent.—if necessary by loading additional cost increases on to other products. But most trade associations have only managed to secure the agreement of their members to the inclusion of products which, in any case, would not have gone up by more than 5 per cent.

Cost structure

The lower price of sugar means that sweet manufacturers would have probably raised their prices in 1976 less rapidly than last year, while some clothes manufacturers would have been restrained more by lack of demand.

Because manufacturers in general have not committed themselves to doing things which interfere with normal market forces, there has been no difficulty in obtaining co-operation.

Retailers, on the other hand, given the impact of the £6 wage limit on their cost structure argue that they are being asked to make an unreasonable contribution to the scheme. Moreover, they are being expected to recoup higher overheads by cross-subsidisation at a time when lack of demand makes it difficult for them to load price increases on to products outside the scheme.

The idea, as it stands, is that shopkeepers would reflect manufacturers' price restraint in their prices. If necessary overall margins would be maintained through increasing the margin of a product outside the scheme by rather more than the wholesale price increase.

Retailers feel that such a scheme severely limits their ability to adapt to normal market forces. It is understood they would like to amend the scheme to make it less all-embracing within the product categories covered, particularly in the higher price ranges.

Mrs. Williams has already accepted the need for escape clauses for both retailers and manufacturers to deal with situations where margins would be significantly reduced by the implementation of the scheme or where either falling demand or rising raw material costs undermine previous forecasts.

But retailers feel that, as the people who actually have to deal with the public in the shops, they do not want to enter a scheme which raises public expectations beyond likely reality.

Paris Communists loosen ties with Russian comrades

BY ROBERT MAUTHNER PARIS, Jan. 8.

FRANCE'S Communist Party, in a new effort to boost its popularity and to wrest the leadership of the French Left from its Socialist partners whose popularity has grown steadily over the past year, has taken a significant step towards loosening its links with its Soviet sister party.

The move came during a television interview last night, when M. Georges Marchais, the leader of the Party, emphasised that the French and Soviet Communist Parties disagreed about the nature of "social democracy" and that the French Party no longer accepted the term "dictatorship of the proletariat" as a valid description of the system it was seeking.

"We are in 1976," M. Marchais said. "The Communist Party is not immobile. It is not dogmatic and knows how to adapt itself to the conditions of its time. To-day, the word 'dictatorship' no longer corresponds to what we want. It has an intolerable meaning which is contrary to our aspirations and our views."

Even the word "proletariat" was no longer acceptable, M. Marchais went on, because the French Communist Party's aim was to bring together all wage-earners, not just the traditional working class.

The Communist leader's statement, coming, as it did, after the Party's recent declaration that it would not hesitate to criticise the Soviet authorities if a film on conditions in a Soviet labour camp shown on French television proved to be true, is a clear indication that it no longer wants to be associated in the public eye with the repressive methods practised in Russia.

The French Communist Party appears finally to have come to the conclusion that its chances of an electoral victory and, not least, its relative strength within the left wing alliance, is largely dependent on its ability to present a more liberal image to the French people.

Influenced, no doubt, by the success that the Italian Communists have had with their policy of independence from the Soviet Union and their readiness to criticise any abuse of democratic freedoms by other Communist parties, the French Communist Party is now going out of its way to adopt similar positions.

The point was forcibly made again by M. Marchais on TV last night. Socialism was synonymous with liberty, he said. And, in a thinly-veiled reference to the Soviet Union and other eastern European regimes, he added that this notion was valid for all countries. The French Communist party could not tolerate any repressive or administrative measures aimed at preventing the free expression of ideas.

The Communist schism, Page 6

THE LEX COLUMN

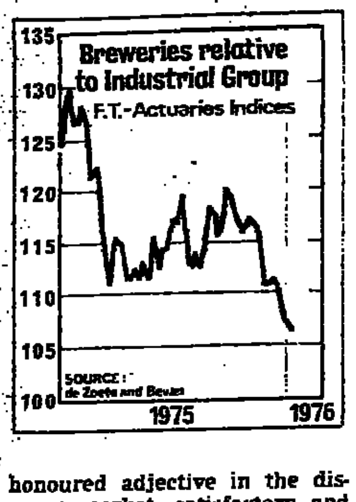
Wines slow down Allied

Allied Breweries' pre-tax profits are up from £57.4m. to £60.2m. for the year to September—suggesting a rise of between a fifth and a quarter in the summer period (after minor accounting changes). This is some way below the gains reported by other majors, with Bass 40 per cent. ahead in the summer, but then Allied has a relatively greater involvement in the dull wines and spirits area—probably around a third of total profits. Beer, of course, had an excellent summer, and despite trading down Allied talks about a maintained market share until it was affected by industrial disputes towards the end of the year. Their main impact—with a possible total cost of around £2m.—will be in 1975-76; overall, beer volume seems to have been level in the pre-Christmas period compared with 1974, though after a late start wines and spirits were very strong at the end.

At this stage, external hopes are for no more than unchanged earnings, and Allied's share price has, along with the rest of the sector, been weak over the last couple of months—reflecting fears about the recession and a possible duty increase with tax now a third of the retail price compared with 44 per cent. in 1967.

Allied has felt the squeeze earlier than most and the main attractions are a yield of 7.2 per cent., well over a point above Bass, and the possibility of an eventual placing of the THF stake, now worth £24.5m. There are certainly no balance sheet worries since cash flow, aided by £15m. of deferred tax and £10m. of disposals covered fixed and working capital needs of £51m., and should do so again this year. So there was small drop in total debt—now only just over a half shareholders' funds of more than £300m.

Index rose 0.7 to 390.5



Clive Discount

Clive Discount picked an exciting week to make its first interim statement since it came back to the market last June, but the market seemed mildly disappointed by the forecast dividend for the current nine-months trading period: at an effective annual rate of 3.4p net Clive is not taking much advantage of its freedom from dividend restraint. Nevertheless the results so far are, to use a time-honoured adjective in the discount market, satisfactory and just now the prospects look good.

It is a fair guess that profits improved significantly towards the end of the half-year to December, for the earlier months took in two one-point hikes in MLR and a period of narrow margins. Since then rates have been on the decline again and the discount houses have been lengthening their books, buying £60m. of gilts in the month to mid-November, a trend which Clive has probably been following.

With the downward movement in U.S. rates being confirmed—Chase Manhattan cut its prime rate yesterday—further declines in London are expected although opinion is divided on whether MLR will drop again to-day. The market rate for Treasury bills, at 10¼ per cent., settled neatly on the required trigger level for 10¾ per cent. MLR. As for gilts, the authorities were supplying stock at the short end, but longs continued to move ahead; it seems certain that there will be at least one new tap this afternoon, and possibly two.

Burmah Oil

The market was not very impressed by the news that two further U.S. oil companies had asked for details of Burmah's American interests prior to a possible offer: the shares fell 1p to 31p. Nobody had heard of Crown Central Petroleum or National Co-operative Refinery Association, and not surprisingly. Crown is capitalised on the American stock exchange at only $28m., with total assets of under $200m., and the [illegible] National Co-op appears [illegible] smaller still. Even taken [illegible] they would probably be [illegible] than the interests they [illegible] seeking to acquire — [illegible] American Trading and Pr[illegible] tion Corporation, which [illegible] trols 49 per cent. of the C[illegible] equity, may be in a posi[illegible] supply a little more [illegible] Certainly Burmah has [illegible] assured that the finance [illegible] be available.

One possibility is that Bu[illegible] is now willing to consi[illegible] partial sale. But it says [illegible] other contenders are still [illegible] field, and Crown and Na[illegible] Co-op were not among the [illegible] front runners and three [illegible] liners originally mention[illegible] being in the hunt last [illegible]

Brown Boveri Ken[illegible]

By underwriting a [illegible] pitched rights issue, [illegible] Boveri stands to increa[illegible] holding in Brown Boveri [illegible] from 49 to a maximum [illegible] per cent.—which, accordi[illegible] the Department of Ind[illegible] will make no practical [illegible] ence to the running of the [illegible] ness. Just over a year ag[illegible] contrast, the Government [illegible] the fact that Brown Bover[illegible] prepared to reduce its pro[illegible] holding in the new con[illegible] from 53 to 49 per cent. [illegible] excuse for dropping its or[illegible] support for GEC's ideas [illegible] George Kent's future. So [illegible] for political cosmetics, [illegible] frustrated a 32p per share [illegible] offer.

BBK now stands at 27p [illegible] the rights issue at par [illegible] will add £2.2m. to the pr[illegible] capitalisation of £9.3m. [illegible] the presence of Brown B[illegible] and the Government, which [illegible] rently controls 12 per cent [illegible] present balance-sheet is [illegible] especially overgeared: a[illegible] forecast increase in cu[illegible] year profits from £955,00[illegible] at least £2.2m. has to be [illegible] against Brown Boveri's e[illegible] injection of £6.2m. jus[illegible] months ago. Of course [illegible] are lots of ambitious expa[illegible] plans. But an ex rights [illegible] of 5.8 per cent. does not [illegible] this into an irresistible pac[illegible]

Dropped jaws

Yesterday's note on [illegible] International was carel[illegible] worded. Shareholder app[illegible] is one of the routine condi[illegible] in any takeover document [illegible] it is not, of course, a "[illegible] formality."

Anglo-Soviet collaboration in nuclear projects possible

BY DAVID FISHLOCK, SCIENCE EDITOR

THE POSSIBILITY of a joint nuclear venture between Britain and Russia is being explored by the Nuclear Power Company, operating arm of the National Nuclear Corporation, and the British Nuclear Forum, the trade association of nuclear manufacturers.

The Russians, who are using the analogy of last year's U.S.-Soviet joint venture in space technology, have put forward several possible areas for collaboration, including fast "breeder" reactors.

British interest in the proposal stems from recent revelations about the close similarities between the "steamer," the British pressure-tube reactor, chosen by the Government in 1974 as the basis for a new nuclear power programme, and the type of reactor making most rapid progress in Russia.

A delegation organised by the British Nuclear Forum, which visited Russia late last year, discovered that the Russians had two 1,000 MW reactors of the pressure-tube type in operation near Leningrad.

Britain has still to start construction of its first commercial reactors of this type, of 660 MW, of which six are to be ordered under the new programme. But it may not formally place its first orders until next year.

One possibility for a joint venture would be the development of a larger size of reactor for the 1980s. The Russians believe they can increase the output of their pressure-tube reactor to 1,500 MW without changing the design, but have begun the design of a 2,000 MW reactor.

At a meeting of nuclear industry officials in London yesterday, members of the delegation which visited Russia, including Mr. J. C. C. Stewart, deputy chairman of the Nuclear Power Company, who led the delegation, reported on Russian nuclear progress and interest in closer ties with the U.K.

His company, said Mr. Stewart, was looking closely into the question of a technical exchange on "steamer" technology, although it was still not clear whether the best scheme would be an exchange on specific items or a totally integrated development programme.

Another question being studied, he said, was whether Britain could do useful business in nuclear engineering with Russia. Here the more immediate prospect was the Russian pressurised water reactor (PWR) programme, which represents the other half of its nuclear power programme, but is apparently affected by bottlenecks in manufacturing capacity.

The Russians wanted to build a "greenfield" factory for PWR components, and had been seeking assistance abroad, notably from the Japanese, in the design and construction of such a factory. Meanwhile they needed component suppliers to help keep the PWR programme moving.

Mr. Ron Campbell, assistant managing director of the Nuclear Power Company, providing details of the Russian nuclear programme, said that it was divided equally between the pressure-tube reactor (abbreviated to the RBMK) and the PWR. 1,000 MW RBMK reactors were now operating—the first achieved a load factor of 88 per cent. over its first years of operation—and two more of this size were under construction.

The major difference between the RBMK and the "steamer" was the Russian use of graphite instead of heavy water as a moderator, said Mr. Campbell. Primary circuit conditions were almost identical.

The first of the 1,000 MW PWRs was officially running about a year late and was not expected to be producing power before 1977.

A return visit to Britain by Russian nuclear officials is planned for the spring. British officials yetserday were expressing the hope that they could make proposals to this team that would bear fruit when Deputy Prime Minister Kirillin visited Mr. Peter Shore, Secretary for Trade, in April for further discussions on Anglo-Soviet industrial collaboration. In previous discussions the Russians have stressed their interest in aircraft and nuclear technologies.

Iceland threatens diplomatic break if clashes continue

BY JON H. MAGNUSSON AND MALCOLM RUTHERFORD

ICELAND yesterday threatened to break diplomatic relations with Britain if the Royal Navy continues its alleged attacks on Icelandic patrol boats.

At the same time, the Iceland'c Government is seeking a special meeting of the NATO Council to discuss the fishing dispute and has invited Dr. Joseph Luns, the NATO secretary-general, to visit Reykjavik in the next few days.

The Government is also recalling its Ambassadors to the U.S., Canada and the UN for consultations and is sending its permanent under-secretary for foreign affairs, Mr. Peter Thorsteinsson, to present the Icelandic case on a tour of European NATO capitals.

Implicit in the appeal to NATO is the threat to curtail activities at the NATO base of Keflavik which plays a key role in surveillance of Soviet deployment in the North Atlantic.

The new Icelandic policy was announced after an emergency Cabinet meeting called to consider Wednesday's collision between the Icelandic gunboat Thor and the Royal Navy frigate Andromeda.

It is admitted in London that this was easily the most serious incident in the cod war so far and brought with it the threat of a major deterioration in the conflict.

According to British sources, the collision could have sunk both vessels, with the possible loss of 300 men—about 240 from the Andromeda and about 60 from the Thor. This could have happened if the Thor had hit the Andromeda's engine room, which it missed by a few feet.

In London the Defence Ministry is acutely concerned by the way it claims the Icelanders ignored the mutually accepted rules under which the dispute has been conducted so far. In the past, both sides have observed the international code on the prevention of accidents at sea.

On Wednesday it is said that the Thor deliberately ignored the rules and that this was the direct cause of the collision. Despite the British apprehension about future incidents, however, there has so far been no change in British policy and the Navy has again been instructed not to take provocative action and not engage in manoeuvring that could be interpreted as provocative.

More systematic

Iceland raised the dispute at the meeting of NATO Foreign Ministers in Brussels last month, but its new action seems to be more systematic. It will press for an early meeting of the Council's permanent representatives, shortly to be followed another to see how much progress has been made. It is also now clearly seeking alliance support against Britain.

Dr. Luns was active in the solution of the previous cod war over the 50-mile limit in 1973-74, though that conflict never reached the proportions now threatened.

National overtime ban threat over Derbyshire pit

BY CHRISTIAN TYLER, LABOUR STAFF

MINERS leaders yesterday threatened to call a national overtime ban in protest at the closure of a Derbyshire pit. They believe the National Coal Board's reasons for the closure—danger from excessive dust—could be used to launch a series of colliery shut-downs.

The threat is the first sign of militancy from the miners since their national strike which brought Labour to power nearly two years ago.

At the same time there is a feeling that the National Coal Board has simply mishandled its announcements about the pit — Langwith colliery, near Chesterfield — and that it may quickly come up with the necessary assurances.

Yesterday's move was decided by an 18—7 vote of the National Union of Mineworkers executive council meeting in London. A less tough resolution calling for a decision to be delayed until after NUM officials see the Board was defeated by 14 votes to 11.

A national overtime ban, like those that preceded the strikes in 1972 and 1974 would hit production, but the effects would take a long time to show through, the Coal Board said yesterday.

At the same time coal stocks are unusually high at the moment—at 31m. tons they are more than 30 per cent. up on the level this time last year.

The argument centres on the Board's decision not to start working further reserves at Langwith because of the thinness of the seams and the dangers from dust. The colliery is to be phased out over two years and the 900 men redeployed.

But Mr. Joe Gormley, NUM president, said the Board had the technology to deal with dust problems and accused the Board of not investigating the situation properly. By using the dust argument, the Board could close down many other pits, he said.

NUM officials will have an early opportunity to raise the issue when they join Coal Board managers for a visit to Poland next week to study incentive payment schemes.

Some 12,000 Derbyshire miners are already banning overtime in protest at the Langwith closure. Area representatives travelled to London yesterday to lobby the national executive meeting.

The Coal Board said last night that boreholes had been drilled to examine the reserves at Langwith and it was on this evidence that the decision had been taken. Fuller investigation by means of a tunnel would cost up to £1m and would not provide much more information.

Benn backs campaign, Page 25

Gas Corporation raising $40m. Eurobond loan

BY MARY CAMPBELL

THE British Gas Corporation is to raise $40m. by means of a Eurobond issue in the first Euromarket borrowing by a nationalised industry for two years.

The maturity of the issue, for which the lead manager is S. G. Warburg, is five years, and the indicated coupon is 9 per cent. Market sources suggested that a discount was expected, but that it might be priced at par if it went very well.

If successful the issue could open the way to substantial further Euromarket borrowings by public sector institutions, and in this sense it is viewed as a trial operation.

Partially because Britain's economic problems have been so widely publicised abroad, it was for long assumed in 1974 and 1975 that any State institution would have found it all but impossible to raise funds on the international markets.

The decision to launch the issue now is thought to be based on the assumption that attitudes towards Britain have changed since the Government took a harder line in its economic policy. The imprimatur given to this policy by the International Monetary Fund's decision to provide $2bn.-worth of foreign exchange is also thought to have been a major factor.

It is hoped that the maturity of the issue will give it a good advantage over others on offer in the Eurobond market at present. Eurobond investors have shown a notable preference for shorter maturities in the last year.

Weather

U.K. TO-DAY

SUNNY INTERVALS and showers. Early cloud and rain in Wales and S. England.

London, S.E., S.W. and Cent. S. England, Channel Is.
Cloudy. Occasional rain or drizzle. Wind S.W. moderate. Mild. Max. 9C (48F).

E. Anglia, Midlands, Wales, N.W. and Cent. N. England
Cloudy with rain at first. Brighter and dryer later. Wind W. moderate, veering N. Max. 7C (45F).

Lakes, I. of Man, N.E. England, Borders, Edinburgh, Dundee, Glasgow, S.W. Scotland, N. Ireland
Mainly dry. Sunny intervals. Wind N.W. light or moderate. Max. 6C (43F); early frost in places.

Aberdeen, Highlands, Moray Firth, N.E. and N.W. Scotland, Argyll
Sunny intervals, a few showers. Wind N.W. moderate, backing S.W. Max. 5C (41F); early frost in places.

Orkney, Shetland
Sunny intervals, occasional showers. Wind N.W. fresh or strong, becoming W. moderate. Rather cold. Max. 4C (39F).

Outlook: Mainly dry in S. Some rain in W. and N. Becoming mild.

Lighting-up: London 16.40, Manchester 16.40, Glasgow 16.34, Belfast 16.48.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstrdm.	C	8	46	Madrid	S	9	48
Athens	S	13	55	Manchstr.	F	11	52
Bahrain	S	21	70	Melbourne	R	21	70
Barcelona	S	12	54	Mexico C.	S	19	66
Beirut	C	15	59	Milan	C	3	37
Belfast	R	7	45	Montreal	C	—11	12
Belgrade	Fg	—3	27	Moscow	C	—12	10
Berlin	C	8	46	Munich	S	9	48
Brmnghm.	C	10	50	Newcastle	C	10	50
Bristol	C	11	52	New York	Sn	—1	30
Brussels	C	6	43	Oslo	S	6	43
Budapest	C	—1	30	Paris	C	6	43
B. Aires	S	27	81	Perth	S	29	84
Cairo	S	17	63	Prague	S	6	43
Cardiff	C	10	50	Reykjavik	S	—2	28
Cologne	C	7	45	Rio de J'o	S	31	88
Copnhagn.	R	5	41	Rome	S	13	55
Dublin	C	11	52	Singapore	C	27	81
Edinb'rgh	F	9	48	Stockholm	C	6	43
Frankfurt	C	6	43	Strasbourg	Fg	3	37
Geneva	S	4	39	Sydney	S	31	88
Glasgow	C	9	48	Tehran	S	5	41
Helsinki	R	2	36	Tel Aviv	C	18	64
H. Kong	S	19	66	Tokyo	C	10	50
Jo'burg	C	22	72	Toronto	S	—17	1
Lisbon	S	10	50	Vienna	C	1	34
London	C	10	50	Warsaw	C	4	39
Luxembg.	C	3	37	Zurich	Fg	1	34

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	S	14	57	Istanbul	F	6	43
Algiers	C	15	59	Jersey	C	8	46
Biarritz	S	8	46	Las Plms.	F	19	66
Blackpool	C	9	48	Locarno	S	5	41
Bordeaux	C	3	37	Majorca	S	16	61
Boulogne	C	7	45	Malaga	S	15	59
Casablnca.	S	16	61	Malta	R	13	55
Cape Tn.	S	23	73	Nairobi	S	24	75
Corfu	S	16	61	Naples	S	12	54
Cyprus	C	16	61	Nice	S	13	55
Dubrovnik	S	11	52	Oporto	S	13	55
Faro	S	15	59	Rhodes	F	13	55
Florence	S	11	52	Salzburg	S	10	50
Gibraltar	F	16	61	Tangier	S	17	63
Guernsey	C	9	48	Tenerife	F	12	54
Innsbruck	S	3	37	Tunis	C	15	59
Inverness	F	8	46	Valencia	S	13	55
I. of Man	R	9	48	Venice	S	9	48

S—Sunny. F—Fair. C—Cloudy. Fg—Fog. R—Rain. Sn—Snow.

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